



Trend Research for Strategic Planning: A Guide For Small Business Owners

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Why are trends important in a “strategic” business context?

- “Strategic” decisions are significant investments (or divestments) of business activity and resources that position the firm to achieve a future, customer-centered objective.
- Prior to those decisions, business owners must assess risks before re-organizing resources or investments, and continually address the basic question: *“How will we win with these customers 3-5 years from now”?*
- Isolating and examining relevant Industry* trends is essential to...
 - Understand how key industry players, suppliers, technologies and others are likely to change their future behaviors...and why
 - Calculate the risk (probability x impact) the changes will create for your business
 - Upon risk evaluation, reflect: *Is this external change something we can control or counter? Is this market (customer) worth the effort, or should we put our money/resources somewhere else?*

* “Industry” is a group of firms aligned to provide goods and services to targeted customer channels and segments

Trends seem like “a no-brainer” in hindsight

- **Think of Sears in 1989 and the rise of “discount retailing”**
 - Sears knew about discount retailing, but ignored the trend and did not adapt.
- **Think of Circuit City in 1999 and “digital streaming media”**
 - Circuit City knew about digital streaming media, but kept its archaic, sales-heavy retail model and outdated metrics “comparable store” and “sales per sq. ft.”
- **Other Examples:**
 - Low carb consumer preferences
 - Revenue growth and volume of electric automobiles
 - Men going “hat-less” after the 1960’s
 - Cloud computing
 - “Meatless” meat
 - Commercial space travel and investment
 - Environmental, Social & Governance investing (“ESG”)

Trends seem like “a no-brainer” in hindsight

- Industry trends are largely external to most small firms and frequently mistaken as being uncontrollable
 - “How could we have known” – “No one could have predicted...”
- In some of the previous examples, trends were recognized, yet ignored
 - Firms were too landlocked by their behemoth business models, and thus averse to significant organizational change (“stocks will go up again...this will all blow over”)
 - They had the research *and* had strategic countermeasures (some degree of control) but did not act strategically...until it was too late

Are trends controllable?

- No, but once a threat caused by a trend is recognized, a decision maker may be able to control the degree of impact on the business
- The impacts of trends are somewhat controllable, but there is risk
- To reduce trend risks and impacts, deploy this 3-step “thought experiment” as an annual process in your business:
 - 1) Know which trends may impact your business...and how
 - 2) If they impact you, classify them as future threats or opportunities (think of the important SWOT analysis exercise)
 - 3) Evaluate risks and act: control the impacts of relevant trends by adjusting variables in the business model, as needed (through strategic investments or divestments in unique combinations of people, processes, technology or information)
- Failure to recognize and address relevant trends – on an annual basis through strategic planning -- could mean irreversible consequences down the road.

So, what exactly is a “trend”?

- **Trend (def.):***
 - *“An irreversible shift in demand, within the context of a defined industry, due to some social, technological, economic, or political factor.”*
- **Those demand segments exhibiting the behavior either stop doing something -- or start doing something -- counter to the expected behavior**
 - Trendsetters are opinion leaders or innovators who can trigger wide adoption and diffusion of behaviors within an industry:
 - *the New York Times going to color print in the 1990’s*
 - *JFK going “hatless” for the first time at an inauguration*
- **In hindsight, it seems as if the shift in demand was something which should have been predictable**

** Note: this definition was created by Mike Levy, GENEDGE*

How to use trend research in strategy

- **Formulate a hypothesis**
- **Test the hypothesis**
 - Identify relevant data sources (primary or secondary)
 - Collect relevant data using hypothesis-driven questions¹
- **Make conclusions**
 - *“There is evidence to support that there is a trend....”*
 - *“Evidence is inconclusive to support the identification of a trend; need more research...”*
 - *“Evidence indicates there is not a trend...”*
- **Facilitate strategic actions, roadmapping, and forecasting (with risk analysis) with your team, based on the research conclusions**

¹ *When collecting data, use best practices from research training. Always use secondary research to inform primary research; identify and speak with subject matter experts, writers, scientists, academics and industry professionals in any research project. Then choose among the best business options, given the data.*

Quick Research on Relevant Industry Trends (How To)

Data Collection Method #1: Industry Associations

- Retrieve an industry report (or other available industry report) for the stated industry*
 1. Within the report, look for source references related to trend data or narrative, then...
 - i. *Call those sources directly (preferred) or look for more data/reports on their websites to dig more deeply into trend data*
 2. Note any industry associations referenced in the report, then...
 - i. *Review the industry association website for useful data or reports*
 - ii. *Call the association and speak with someone knowledgeable who might know of a trend report or some other way to collect that data*
 - iii. *Identify subject matter experts through the association*
 - *Call to interview them, or, see if they have written a publicly-available report that is published by a credible website (.edu, .gov, or .org)*

* If you don't have access to an IbisWorld or similar industry report resource, [call your local GENEDGE regional growth manager](#), who can then provide you with one and help you with analysis.

Data Collection Method #2: Publicly available information

- **Recent SEC filings: publicly available 10-k's often have full competitive environment, trend and industry reports**
 - The “free text” search form on the SEC’s website allows a researcher to type in keywords to search for trends or subject matter: [SEC.gov | Filings & Forms](https://www.sec.gov/filings)
 - When results are presented, use the “10-k” filter to search annual reports for best and quickest results
 - The full filing 10-k's of industry leaders will typically have detailed overviews of their business environments, industries and trends...and it's all free !
- **Analyst calls:**
 - can be quarterly or annual, on webcast or in transcript form.
 - Typically found on “investor” section of publicly held companies.
 - <https://www.caterpillar.com/en/investors/events-presentations.html>

Method #3: Books, Journals, Podcasts and Specialty Websites

- **Wall Street Journal “The Future of Everything”**
 - <https://www.wsj.com/news/tech/future-of-everything>
 - Also a podcast
- **“Working Knowledge” from HBR and other newsletters**
 - [Browse All Articles, Research, & Case Studies - HBS Working Knowledge](#)
- **Trendhunter**
 - <https://www.trendhunter.com/business>

Method #4: Government & Economic experts

- **US Chamber**
 - <https://www.uschamber.com/co/start/business-ideas/new-business-trends>
- **Vanguard (and/or other investment institution annual “outlook” reports)**
 - [Investments and Finance - Perspectives and commentary | Vanguard](#)
- **Small Business Associations (government and NGOs)**
 - [Small Business Trends for 2023 - SBDC National Blog – SBDCNet](#)
- **Federal Reserve**
 - <https://www.richmondfed.org/research>
 - **Other branches available in other cities and regions**
- **NIST-MEP**
 - [Insights from the 2022 MEP Workforce Survey | NIST](#)

Method #4 (cont.): Government & Economic experts

- Business Roundtable
 - <https://www.businessroundtable.org/>
 - Go to “Policy” and “Media” for economic insights
- National Federation of Independent Businesses
 - <https://www.nfib.com/foundations/research-center/>
 - <https://www.nfib.com/business-resources>
- National Manufacturer’s Association
 - <https://www.nam.org/>

Reminder: Each industry normally has its own association that tracks trends, resources and insights, with its own set of subject matter experts; e.g., National [Tooling & Machine Association](#) or [National Precision Machined Products Association](#). These can typically be located on an IbisWorld report, or simply by calling a GENEDGE [regional manager in your area](#), who may be able to guide you or even find what you’re looking for.

Method #5: NIST-MEP's “MATTR” program

What is MATTR?

- A no-cost information inquiry service available to eligible, small manufacturing enterprises in Virginia, only through GENEDGE
- MATTR is short for “MEP-Assisted Technology and Technical Resource”
- MATTR connects MEP practitioners – and Virginia manufacturers – directly with NIST subject matter experts on specific questions.
- If you have a technical inquiry about your industry or need guidance on access to information in your industry, your regional growth manager may be able to help you by putting you in contact with this [no-cost program](#), made available exclusively for clients of GENEDGE in Virginia, as well as MEPs in other states.
- [Contact your regional growth manager](#) if you want to access this service.

Remember these fundamentals...

- **Market and industry research alone rarely provide actionable information...and many times market research even leads to more questions**
 - *Converting research into insightful, actionable information requires teamwork, dedication, and leadership's will to act*
- Research is not a one-click, secondary activity, but a multi-step process involving both primary and secondary sources; rarely will you hit a “one-click” home run
- If you fail to ask a librarian for assistance, or fail to interview a primary source, you have only yourself to blame for disappointing results
- Virginia manufactures can “dial a friend” with GENEDGE. We can help you with basic inquiries for market research, and go way beyond to meet any of your research needs



Thank You.

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