

business offers business and professional services, it too will experience a 51% change with health care at 47% and asset wealth management at 43%.

We can see these changes already. Retail stores in this most recent 2017 Christmas season saw an 18% increase in online ordering (e-commerce) where many of the items were picked up in the stores; thus, saving shipping charges.

Customers who are engaged in the digital marketplace from their smart phones to artificial intelligence will become even more demanding. For example, personalized offers such as price matching to loyalty points will no longer just be nice to have, but will become a customer service expectation.

Additional pressure will be placed on the workforce as the already present skills gaps will only continue to widen. The culture of organizations will be caught up in this wave of disruption. Attitudes of *"this is the way we have always*

done it" will be the barriers to integrating all these changes into the culture.

Possibly you have heard this phrase *"the Internet of Things"* or, IOT. This term was coined in 1999 by British technologist Kevin Ashton to describe a network that not only connected people, but also the objects around them.

For science fiction fans, machine to machine (M2M) communication was taken for granted. Today M2M communication is a reality, such as smart homes. This particular market segment is expected to grow to more than \$50 billion dollars. Overall the worldwide forecast of IOT spending in 2017 was expected to reach \$284.8 billion

Behind much of this digital disruption is artificial intelligence (AI). If you have an iPhone or an Amazon speaker, you are already experiencing AI through voice recognition and response solutions. Siri or Echo anyone?

Recently, Amazon reported the \$49.99 Echo Dot was the best-selling and most gifted item of 2017. Strategy Analytics in August of 2016 estimated 1.8 million digital voice-activated devices would be sold in the United States. This research predicted an overall US household penetration rate of 11.5% by 2020.

In the years between 2010 and 2014, the worldwide investment in AI grew from \$1.7 billion to \$14.9 billion. (eMarketer). Gartner, in its *"Predicts 2017: CRM Sales,"* suggests by 2020, 30% of B2B companies will integrate AI into at least one of their primary sales processes.

Across the pond, 81% of European business executives believe AI within machine learning will affect their businesses sometime in the next four years. Learning management systems (LMS) will become even more personalized and available through smart devices. No longer will employees have to travel to access learning. The digital disruption will offer 24/7, on demand, learning specific to what the learner requires.

The downside to digital disruption has already been experienced in education. Researchers at the University of Texas and Louisiana State University examined the changes in assessment scores before and after the banning

of cell phones. The greatest positive impact was on underachieving and disadvantaged students. Banning cell phones increased test scores by 6%.

Workforce productivity continues to suffer from the digital disruption. The most recent Gallup Workforce Engagement poll (2017) revealed only 33% of US employees are actively engaged.

Low employee engagement contributes to higher absenteeism by 37%; more accidents (49%) and 60% more efforts and defects. Other damaging results include: 18% lower productivity, 16% lower profitability and 37% lower job growth. The bottom line is somewhere between \$450 and \$550 billion annual cost to US businesses.

In the survey results released by CareerBuilder.com, 48% of employees said smartphone distractions compromised work quality. Other negative consequences of this distraction included: employee morale as other employees had to pick up the slack (38%); boss/employee relationship (28%) and missed deadlines (27%). Within this survey, 82% of employees admitted to keeping their smartphones within eye contact. This research appears to confirm Gallup's workplace engagement research.

Human health and safety represent another downside of the digital disruption. Depending upon the source, more than half of the world's population now uses a smartphone and nearly two thirds of that same population has a mobile phone.

Research continues to explore the potential negative impact of electromagnetic waves and radiation on the human brain. There is already documented muscle strain to the upper extremities of the human body (back and neck) not to mention the thumbs and wrists. Carpel tunnel syndrome anybody?

Smart phones have their own safety concerns. Users have been cautioned against sleeping with their cell phones because batteries have overheated when sandwiched between pillows and blankets.

Driving while texting is another safety concern. The Centers for Disease Control and Prevention reported distracted driving is responsible each day for the deaths of nine people and

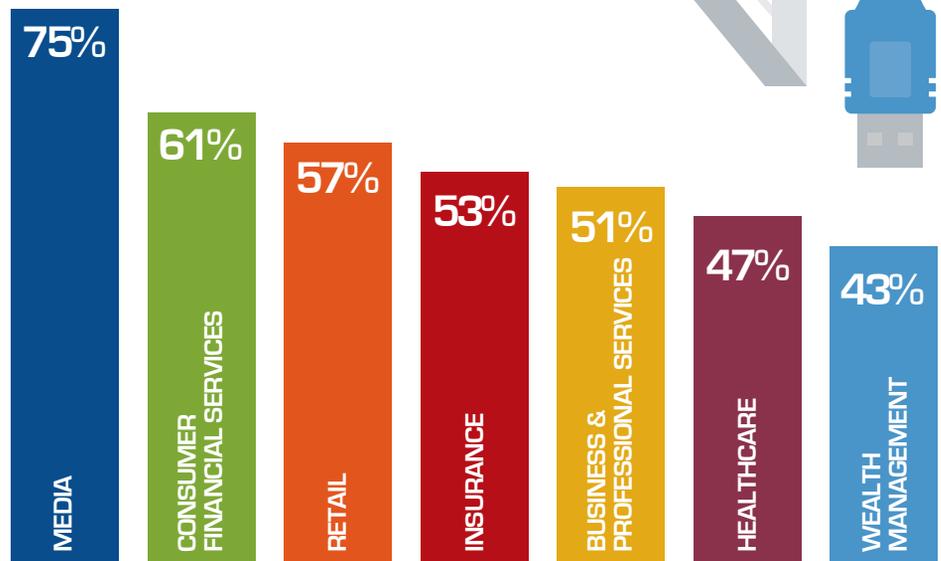
more than 1,000 injuries. The National Highway Traffic Safety Administration (NHTSA) in 2014 estimated distracted driving costs \$129 billion annually or on average \$148 per person nationally.

So what is a small to midsize business executive expected to do? Possibly, the solution requires taking at least one step back, possibly even several, to leverage digital disruption.

If your Small Medium Business (SMB) doesn't have a strategic plan, now, not later, is the time to construct one. This plan would research all aspects of your business including the impact of the digital disruption in marketing, sales, innovation, leadership (employee engagement), customer loyalty and financials. Both external and internal assessments would be conducted corresponding to how your marketplace, industry and competitors are reacting to and handling the impact of technology.

The construction of this strategic plan will not happen quickly as time must be invested to discover and understand all the uncovered data and facts. Through this truly strategic thinking process, information will be revealed that has been ignored and not even realized. Beyond having engaged in extensive critical thinking required in planning, this activity can further

IMPACT FROM DIGITAL DISRUPTION BY INDUSTRY



unite a strong team or strengthen any weak points in a struggling team.

The only question remains is: Will you be a determined dog and work harder to master the impact of digital disruption or will you ignore it thinking it will go away? As always, the choice is yours.

Technology has spawned an entire new vocabulary including new words

or phrases from the verb "google" to "instant message me" to even "digital disruption". **N**

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