



Building Relationships with Connected Customers

Highlights
of the ERA
Conference
Keynote:

The digital transformation era is here. The transition is occurring from a world that is mostly human — where tasks are almost always performed by a human — to a world where technology is integrated into almost every aspect of modern-day life.

In the past five to seven years alone, technology has shifted from being a utility to being a weapon inside organizations. According to Scott Klososky, consultant, author and founder of Future Point of View, not being able to understand this historic shift in technology is fatal.

To help representatives, manufacturers and distributors get a better grasp of this critical time of change, ERA invited Klososky to present the keynote address at the association's 47th Management and Marketing Conference, recently held in Austin, Texas.

"We have got to take a look at the digital transformation and understand that it is historically significant. This is not a small change," Klososky told conference attendees. "It is hard when you live through all of this to understand the historical implications of what is going on."

He believes that in a 100 years, historians will look back at this period as the time before the Internet and the time after the Internet. They will talk about the time before the Internet as being crude, the Dark Ages of getting information.

Moreover, this is the period during which people are beginning to trust the Internet, "a magic box," more than they trust a human being as a reliable source of information. "This is a historical change in how we get information," Klososky stressed.

This is also the time when everything is becoming connected. Technology is able to connect things that have never been connected before — devices, people and organizations all are becoming connected. This connectivity is resulting in frictionless communication.

Today, thanks to technology, anyone can talk to anyone else in the world instantly and for free. A blog post, for example, can be read by a million people in an instant. Twenty or 30 years ago, if an organization wanted to reach a million people, it had to spend a lot of money. In the digital transformation era, communication is instantaneous, easy and free.

Everything is becoming more automated as well, Klososky told conference attendees. It is not just robotics replacing what factory workers used

to do. Software is replacing what humans used to do in white collar jobs.

"We have what's called a DSS, a decision support system. That's a piece of software that makes a decision that a human used to make. And we are building [these systems] at a high rate," he explained. "You [also] hear a lot about artificial intelligence. Well, all that means is that we are building software that makes decisions that humans used to make."

Research is indicating that as a result of this shift, in 20 years, 35 percent of the current jobs will be gone. While some people worry about what this means, Klososky believes that despite the job loss, the boom in the technology sector will make up for it. "We seem to be creating jobs

in the technology sector as fast as we are losing them in other sectors," he added.

Technology is having a significant impact on mobility as well. Klososky urged organizations to look at the explosion of mobility and the role these mobile devices or "outward brains" are starting to play in everyday lives, including:

- storing memory;
- solving problems; and
- providing access to huge amounts of information.

It is especially important to understand the significance of mobility in business. When organizations hear talks about mobile apps, for example, if they are not already building a mobile app but have customers who are using their outward brains in such way, then these organizations are not serving their customers well.

Relationships also have undergone a dramatic transformation because of technology. Personal relationships — how people find mates and how they communicate — are changing because many are using technology and websites like eHarmony, match.com and Tinder. According to Klososky, this shift is occurring in the business world as well. Building new business relationships with customers and how these relationships are nurtured is changing because technology has given organizations new tools. And business leaders must make note of this change.

The humalogical balance

During his presentation, Klososky introduced attendees to the term "humalogy" — the integration of humans and technology. One way to think about the digital transformation is as a shift

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in the humalogical balance, he said. To understand the humalogical balance, one can simply look at a process and apply a scale, with human on one end and technology on the other, to determine what balance of human and technology is being applied to complete this process.

Using Amazon as an example of this balance in favor of technology, Klososky asked attendees, “How many of you have talked to an Amazon customer service rep on the phone? The vast majority of you are spending thousands and thousands of dollars with a screen. You don’t know anybody there; you haven’t met an Amazon employee in your life. Yet, Amazon is the number one trusted brand on the Internet.”

For the human end of the scale, where human beings still are a fundamental part of the process, he used funeral homes as an example.

“A funeral home has a lot of human involvement in it. That makes sense because when some-

body dies we want empathy. We want to talk to a human to pick the right casket, to pick the flowers ... Most people are not prepared to buy a casket on Amazon or send in a drone to pick up the ashes, or Skype into the funeral home. We are not there yet,” Klososky explained.

It is important to understand the humalogy balance because as every process — hiring people, accounting, product development, marketing and sales — is starting to be an integration of humans and technology, smart business leaders will have to determine what is the right place on the scale for their organization. Klososky called this Digital Darwinism.

Companies like Kodak, Borders Books and Blockbuster were on the wrong place on the humalogical scale. Their leaders did not understand the digital transformation and the impact of

technology on their businesses, he explained. On the flip side, there are companies like Instagram. “[Instagram] sold for a billion dollars cash. Does anyone remember how many employees they had when they sold? They had 12 ... There are winners and losers,” he said.

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Low-beam and high-beam

The pace of technology change is growing exponentially. Leaders who do not understand the gravity of what all these changes mean are introducing risk to their companies. In the middle of the digital transformation, leaders must build digital maturity. One of the ways to do this is by being able to see into the future accurately. When technology is changing the market faster and faster, the earlier leaders can look into the future and understand how this change will impact their business, the faster they can get the resources in place to make the right investments and prosper. For Klososky this means having a preemptive knowledge of technology in order to see change before the competition and remain relevant.

“Think about all this in terms of being low-beam and high-beam,” Klososky said. “Low-beam is not necessarily bad. It is what managers do. A manager gets a mission, and [he or she] tries to execute the mission. Whereas a leader is high-beam. High-beam means you can look out at least five years to see what technology is going to do in your industry so that you make those good investments.”

Throughout his presentation, Klososky showed attendees several videos and asked them to think about what they see in high-beam. One

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of the videos stirred a lot of emotions among attendees as it introduced the Touch, a wearable device that allows users to control other devices and things that they see on a screen simply with the power of their minds.

Klososky explained that, while the device may look futuristic, it is a brain computer interface (BCI) that has been around for a while. Not only have BCIs been around for some time, but they can be put over the head as well as inserted subdermally to control prosthetics.

“They seem very unnatural to us at the moment,” Klososky described, “but over the course of our lifetime, it will become more and more normal to have a brain computer interface at times to be able to control something around you.”

To stir even more high-beam thoughts, Klososky asked attendees to imagine what would happen once a six-year-old child is chipped with a BCI and is able to just think and control the devices around him. He then posed several other unsettling questions: Once you have one child in school that is chipped and can now learn at a much higher rate, would then other kids have to be chipped? Would schools have to hold different classes for the brain computer interfaced and for those who are not? And once these children enter the business world, will they go back to doing things the old way or try to use that device to get everything done?

“This is what being high-beam is like,” Klososky stated. “I just want you to understand how critical that is. In times of change, the better ability you have to look out into the future, extrapolate trends and invest in them, the more likely you are to win.”

The world of connectivity

Klososky shifted gears a bit and went on to discuss how technology has impacted connectivity. He spoke about how today’s websites connect organizations with their constituents everywhere around the world pretty inexpensively. This has created things such as e-commerce — the ability to do a transaction online and actually sell something and build a digital relationship with a customer. Klososky asked attendees to think of this as Web 1.0.

He then focused on Web 2.0, which connects people through social technologies, mobile and cloud computing. This technology transformation has allowed businesses to connect to tens of thousands of customers anywhere around the

world with a click of a button. Yet, according to him, some businesses that still lack sophisticated marketing are not taking advantage of this tool and relying on email instead.

Next, Klososky talked about Web 3.0, which connects devices. While the majority of devices still only perform tasks, they are starting to be intelligent and spin off data. According to him, the Internet of Things will “radically change what it feels like for us in the world because devices will know us. They will adjust to us, and they will talk to us. We will gather data from these devices like we have never seen before.”

Web 4.0 will lead to connected information streams. “Think about rivers of information flowing in real time,” Klososky explained. “Some people will say that Web 4.0 will feel like ambient intelligence. There will be information flowing around you all the time, and you will get much better at hooking it so that you are learning the things that you need to learn.”

Finally, Web 5.0 will connect humans and technology. This will bring on heavy integration of humans and technology. According to

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Klososky, there is a debate that this is the line where people will become transhuman, or the next level of being human.

Putting knowledge into practice

In the later portion of his keynote, Klososky took a more practical approach as he began connecting the technology transformation dots. “We are in a world where there is an escalating amount of technology. You have a choice of where you fall on the continuum of innovation,” he told attendees.

According to him there are those people who are dragged into using any kind of technology. On the other side are those who are always on the bleeding edge. They are not afraid to experiment; however, they also tend to waste 50 percent of their investments. Finally, there is the herd, or the middle of the pack.

“Technology is a weapon, but you need to know how to use it,” Klososky told his audience. Businesses must use technology to automate tasks and lower costs. They must use technology to raise revenue and drive profit. In order to do this successfully, he recommends for companies to be on the leading edge, or 18 months to two years ahead of their competitors.

Companies must understand that the digital transformation also is changing customers. A lot has changed just in the past six years. Customers now are more search savvy, and they don’t need to talk to a human being to learn about a product or a company. They can do all that simply by going to a company’s website.

“[Customers] will talk about you online. They will rate your services whether you like it or not, and they will look at your online reputation,” Klososky explained.

He added that privacy is getting to be less and less of an issue. Customers are more and more willing to share information with companies if it is going to be valuable to them. He also shared an interesting statistic showing that 73 percent of people wouldn’t care

if the brands they use disappeared from their lives.

In order to reach today’s customers, businesses must build relationships with this new type of customer and influence his or her decisions effectively through the use of content marketing, inbound marketing, crowdvertising (i.e., an advertising platform that generates and spreads ads through social media) and by creating digital centers of influence.

Klososky also explained that organizations have to understand their customer personas so they can understand who they are selling to. Once they understand who they are selling to, they have to understand the different touch points and how to manage them. What is the buyer’s goal? What are his or her emotions?

Customer information has become a weapon in the market and, Klososky insists, it is soon to be an asset on companies’ balance sheets. “Data creates visibility so you can see things that you haven’t seen before, [so you can] understand more about your customer,” he said.

It is obvious that the young generation that is coming up is much more likely to engage with technology than with human beings. If a company is good at technology, its customers see and respect that.

Organizations that understand how to manage the digital transformation are going to make more profit. They must have the courage to invest in the

future, to implement different processes and be keen observers of the humalogical shift.

In closing, Klososky stated: “We live in a blessed time and you have limited time to do magical things. The digital transformation is happening, and resistance is futile. When you live in the middle of the digital transformation, you have an opportunity to create a legacy. What is your legacy going to be?” ■

This article was written by Neda Simeonova, communications director of ERA and assistant editor of The Representor.

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About Scott Klososky

A former CEO of three successful tech startup companies and principal at consulting firm Future Point of View, Scott Klososky specializes in seeing beyond the horizon of how technology is changing the world.



His unique perspectives on technology, business culture and the future allow him to travel the globe as an international speaker, consultant and author, publishing three titles to date and working with senior executives in organizations ranging from the Fortune 500 to universities, nonprofits,

and countless professional associations and coalitions. As a technology entrepreneur, he also continually works in the trenches of building his own companies.