

CAROCP MARKET WATCH

(A Monthly Trends & Forecasting Report)

June, 2004

E-BIZ STRIKES AGAIN!

The Internet has rewritten the rules for books, music, and travel. Here are six more industries that will be transformed by the Net:

- Jewelry Heist – Online sales are soaring as e-tailers including Amazon, Blue Nile, e-Bay and Diamond.com offer big savings and still make a profit. Tiffany is more insulated because it sells image and cachet, but Zale and neighborhood store face trouble.
- Checks Check Out – With online bill payment and processing, use of paper checks is expected to decline 25% over the next three years.
- Telecom Turmoil – Internet phone services are undercutting the telecom giants like Verizon, AT&T and NTT. Phone calls with Net technology are 33% cheaper than regular phone service.
- Hotel Crunch – Online bookers are getting better rates by offering hotels volume. Chains that are scrambling include Hilton Hotels, Starwood Hotels & Resorts and InterContinental Hotel Group. By 2006, online agencies are expected to account for 17% of the lodging market.
- Real Estate's New Reality – Web-surfing home buyers are changing the real estate industry and chipping away at the 6% commission that brokers collect. More than 70% of home buyers shop online before inking a deal.
- Software Shift – The open-source crowd is setting its sights well beyond Linux. Traditional software makers like Microsoft and Oracle will be forced to lower prices and innovate to stay ahead of open-source alternatives like Red Hat, JBoss and MySQL.

BusinessWeek, May 10, 2004

I'M A BAD BOSS—BLAME MY DAD

More executives are studying their family pasts to root workplace dysfunction. Looking back makes sense because the family is the first organization to which we belong.

FAMILY DYNAMIC	WORKPLACE REENACTMENT
Child's achievements were never good enough.	Perfectionist. Approval seeker. Fear of being a fraud.
Parent inflates child's importance.	Executive overconfidence. Can do no wrong. Above the rules.
Assumed adult responsibilities as a kid.	Overly responsible for others. Workaholic.
Domineering, controlling parent.	Fearful. Freezes with bosses – yet treats underlings like kids.
Family denied problems and negative feelings.	Problems fester to crisis point. Aggression expressed through sarcasm and humor.

BusinessWeek, May 10, 2004

ONLY STARS NEED APPLY

With openings still scarce, many employers are being more selective than ever before. Ten years ago, companies had maybe five critical elements they sought in a new executive, now it's 10 or 12. Companies want people who not only know their business and hit a bull's eye from day one, but they also need to have strategic skills, add value right away and can advance to the next level in a pinch. On the other hand, executives who are being approached for new jobs are often as "risk averse" as the companies seeking to woo them. They won't move if they think there is inherent risk in a new situation. [The Wall Street Journal](#), May 11, 2004

ALMOST HUMAN

Corporate training has found a valuable new high-tech tool: the avatar. Well known to players of online games, avatars are computer depictions of humans. Increasingly, companies are using them as imaginary coaches, co-workers and customers in computer-based training sessions designed to help, for example, sharpen sales skills, reinforce leadership expertise or boost management prowess. [The Wall Street Journal](#), May 24, 2004

TAXI – FLY ME TO YOSEMITE ROP

Perhaps as soon as next year, travelers will have a new alternative to flying commercial airlines or buying their own jet. Using a new generation of small, four-passenger jets that are currently in flight testing, several entrepreneurs are trying to launch "air taxi" services. The goal is to let corporate travelers bypass crowded airports and fly into smaller, local airports, at half the cost of chartering a jet. These aircrafts typically are much lighter than conventional private jets, and are powered by a new generation of small, fuel-efficient engines. [The Wall Street Journal](#), May 19, 2004

HARD AMERICA, SOFT AMERICA

From the age of 6 to 18, kids live mostly in Soft America, the part of society that values emotions and feeling, promotes self esteem, diffuses responsibility and gives copious second chances. In contrast, most Americans between 18 and 30 live in Hard America, the part of life ruled by competition, accountability and other hard values where innovation, risk, effort, enterprise and responsibility are valued. Hard America and Soft America represent two visions of how best to organize societal institutions and national life. The struggle between them for control and influence will determine the future of America.

A sensible society wants to keep some part of itself Soft but also understands that Soft America lives off the production, creativity and competence of Hard America. We have the luxury of keeping parts of our society Soft only if we keep enough of it Hard. Interested in reading more? [Hard America, Soft America: Competition vs. Coddling and the Battle for the Nation's Future](#), Michael Barone, 2004. [Growth Strategies](#), May, 2004

WORKING . . . AND POOR

In today's cutthroat job market, the bottom rung is as high as most workers will ever get. The majority is white, female, and high school educated.

The Working Poor: Who's in the Ranks

	Low-Wage Workforce	Total Workforce
	24%	100%
Average Hourly Wage 2003		
	\$7.09	\$17.15
Gender		
Female	58%	45%
Male	42%	55%
Race		
White	58%	73%
Hispanic	22%	11%
Black	14%	10%
Asian/other	6%	6%
Education		
Less Than High School	23%	6%
High School	37%	29%
Some college	31%	29%
College or more	9%	36%
Age		
18 – 25	37%	10%
26 – 35	22%	25%
36 plus	41%	65%
Occupation		
Services	50%	18%
Operations	21%	24%
Clerical	15%	16%
Managers	12%	41%
Others	2%	1%

*Low-wage refers to hourly wage rate necessary for a family of four to just surpass the poverty line. In 2003, this wage was \$9.04. **Data:** Economic Policy Institute

BusinessWeek, May 31, 2004

CAMERA PHONES—BUSINESS TOOL?

Insurance adjusters, field service reps, construction foremen, and many others use camera phones as an effective business tool to speed up decision making on claims, home and auto repairs, etc. Within four years, most cell phones will come equipped with a camera. The Kiplinger Letter, May 14, 2004

THE WAL-MART EFFECT

There's a new name for the downward pressure of wages: Wal-Martization of the economy. During the recent supermarket strike in Southern California, Safeway, Albertson's, and Kroger said that they had no choice but to cut pay and benefits drastically with 40 Wal-Mart Store supercenters opening up in the area. The reason: Wal-Mart pays its full-time hourly workers an average of \$9.64, a third of the level of the union chains, and pays less of their annual health insurance costs. [BusinessWeek](#), May 31, 2004

MORE FROM THE DONALD TRUMP SCHOOL OF BUSINESS AND MANAGEMENT

- 3 Business Rules
 - Rule #1 If you don't tell people about your success, they probably won't know about it.
 - Rule #2 Keep it short, fast and direct.
 - Rule #3 Begin working at a young age. I did.
- Good people equal good management and good management equals good people. They have to work together or they won't work together for very long. Good managers will eventually leave, followed by good workers, leaving a team that gets along because they are all mediocre. Choose the best people you can which may mean choosing attitude over experience and credentials.
- Momentum is something you have to work at to maintain. No matter what you are managing, don't assume you can glide by on experience or smarts. You have to remain vigilant about the details of your field and stay current on the latest research and procedures.
- The possibilities are always there. If you're thinking too small, you might miss them. If you're going to think, think big. If you're going to live, live large.

[TRUMP How to Get Rich](#), Donald J. Trump, 2004

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