

A Consultant's View

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Focus on the Past or the Future?

The local paper talked about Radio Shack squandering \$3 billion in stock buybacks a few years ago and now, they are bankrupt. This squandering illustrates how many people make their decisions only by looking to the past and not invest in any vision of the future. There are three problems with a focus on the past: we can never totally know what the past was like, history is never a perfect predictor of the future, and a lack of vision for the future causes strong divisions within groups.

We do not fully know the past. Few people spend much time learning history. Every few years, we learn more about the past. For example, the extent to which the British infiltrated Hitler's

communications network in WWII was exposed only recently. Even in a corporation, the history of the place often is not passed on to new hires.

When representatives from management and labor sit down for negotiations, neither side has full knowledge of the workplace history. Management is not fully aware of supervisors who might be abusing power or abusing customers. Labor does not know of the problems that management has been dealing with. This lack of knowledge of history means that we often are arguing not about facts, but about competing myths about the past and rarely are the two sides talking about their different visions for the future.

Looking to the past shows up in many parts of our society. We see it in where

cities invest in infrastructure. We see it in how companies rise and fall. We see it in labor negotiations and in shareholder activists.

The past is never a perfect predictor of the future. This is easily seen in how many mutual fund prospectus include the phrase "past results may not be an indicator of future returns". Yet, too often, we assume that what is happening now will continue to happen. Thus,

Apple stock price assumes that the company will continue to be a changer of culture. But will it?

We constantly assume that what just happened will continue. This assumption shows up a lot in financial "wizardry". This is so

popular that companies are borrowing money in order to fund such buy backs. Yet, the Radio Shack bankruptcy shows how quickly situations change and the assumptions behind those buy backs are proven wrong.

Visionaries are rare and while they live, they have strong organizations. Their successors rarely are able to provide such a strong purpose for the organization. Alexander the Great built an army that conquered from Greece deep into Asia. But his successors split it up and went to war with each other. When companies fail to pass on a strong vision or purpose for the company, many times the company breaks up into divisions with competing visions for the future. Different groups will demand "their fair share of the profits" never asking if those profits are needed to restructure the company for the future.

Provide a vision to pull the organization together.

The Past Predicts Imperfectly

Cores and Speed

The latest way to speed up computers has been to add cores. However, there is a limit to how much benefit we get from adding cores.

To understand what is happening, visualize cores as added computers within the machine. When there are more computers to do the job, the job can be split up between them. When a job is easily split, that drops the time to do the job.

The problem is that it takes planning and coordination to split a job. Within computers, that coordination occurs between the cores. When a program is not designed to split, adding cores only adds coordination work slowing down the process. It is possible to slow down a job by adding cores.

Most desktops do not increase speed when adding more than 8 cores.

As this speed problem becomes more obvious, the operating systems are being rewritten to plan for more cores. Some common applications such as video processing are being rewritten also.

However, there are limits even to rewriting. In computer hardware architecture, one CPU running the operating system and the applications has been the dominant structure. What appears to be the future is adding specialized "cores" that do one task and do it very well. We see this with the graphics processors which are far better at placing the dots on the screen. There are also "field programmable gate arrays" and other specialized chips people are exploring to offer specific faster actions. In short, the concept of the "Central Processing Unit" is being changed because we can't get that CPU fast enough. The future appears to be where computers will have many specialized parts.

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Risky World

Phones are being hacked at a prodigious rate. There are hacks that can use the gyroscope to decode what is being said around the phone. Other hacks are using the power usage to track where the phone is. It is getting to the point that if you want privacy, take the battery out of the phone.

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