

Luck and Chance

We live complex lives in which both luck and chance happen. Good luck and bad luck happen without warning. Facebook was down for six hours. Viruses are spreading around the globe. How we react to the unplanned, unanticipated, and unwanted events can either help us move forward in hope or send us into a spiral towards bitterness and failure. We can plan for mistakes and failures, or take them as personal attacks.

Complex systems such as we live in take on a life of their own and do not follow our designs, hopes, and actions. In this world, there is often a very weak link between our efforts and the results. We can only adjust these systems, not rule them.

Life always brings challenges. We can work hard, be in meetings all day, rush home to take children to a practice, deal with appliance and vehicle breakdowns, and plop exhausted into bed only to wake up to do the same tomorrow. The more complex our lives are, the more challenges they bring.

Our complex lives are prone to failures. "Murphy's Law" expresses just how deeply failure is woven into our lives. When we react to each failure as if it were done in malice, we can rail against such events and search hard to find someone to blame and not listen to any rational explanation. We can use mistakes as an opportunity to hurt others and leave a wake of wounded people behind us. Rarely does this help to build a successful organization.

Right now, the "supply chain" is overloaded and our expectation of instant supply is failing. We built systems expecting easy shipping from anywhere in the world, only to face huge increases in shipping costs and very uncertain supply. Having local suppliers based on local resources is proving to be a competitive advantage in some industries.

When we expect accidents, mistakes, and other failures, we can build systems

to minimize their impact. We can build a resilient environment which is far more accepting of people. We find that others want to work with us to build a better future. Over the long run, we build a far more profitable and longer lasting enterprise.

An important part of expecting accidents, mistakes, etc., is to budget planning time and resources for dealing with such. The next pandemic / hurricane / earthquake / tornado / blizzard is waiting in the wings and we would do well to look at the risks and budget preparedness for the real risks we face. We build preparedness not just for the risk but also for how to recover from them. The more our systems are ready, the more quickly we will recover from them and build the environments for new ideas and new people to thrive.

We may want a simpler time. We may want to be able to rely on simple promises. But the world is complex and simple answers, while satisfying, have proven wrong time after time. We do well to walk into the complexity, accepting uncertainty, and build resilient organizations that can handle failures, breakdowns, natural disasters, and cyber and terrorist attacks.

Plan For And Accept Mistakes

Banks Destroying Loyalty

Do you have a cash back card? Have you received the offers of cards that give 5% cash back? After the success of the Discover card with its cash back, banks have been trying to use higher and higher amounts of cash back to pull in customers. The result is that the banks are destroying the very concept of customer loyalty for the merchant. Merchants are starting to apply surcharges and ask for forms of payment other than cards.

The concept of loyalty programs is that the merchant gives value back to customers who are returning to the same merchant. Repeat customers are the most profitable and offering them a little extra of what they value is worth it to the merchant. By identifying loyal customers and what those customers value, the merchant can better meet their needs.

With the cash back cards, banks are hijacking that concept. They are charging the merchant higher and higher acceptance costs in order to accept those cards. All they give back to the customer is cash which customers value the least. The concept of selling is finding what customers value more than cash and providing that to them. Merchants are paying far more for certain customers, but are not given the information to identify and provide better service to those customers. That does not help the merchant who is paying for that "loyalty".

Almost every state now allows merchants to add a surcharge for paying with a credit card. As the costs for accepting cards rises, we can expect more and more merchants to impose surcharges. The next step will be to impose higher surcharges for those cards with high cash back.

Risky World

Did you know that many elevators have an emergency phone built in? That number is supposed to be secret, but there have been reports of robocalls reaching that number and trying to tell the people in the elevator that their extended warranty has expired. It might be unsettling to be in an elevator and have a voice say that the warranty is expired.

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