

The Story of Island Man

It's Not Just the Technology



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Organizational Behavior

Background Illustration: Relationships among firms in the software ecosystem



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This is a story of technology adoption, told through the daily life of Island Man. We feel his stress, we understand his motivation, and we trace his path in pursuit of happiness. Island man learns that new technology can ease the pain of everyday chores, but to reap larger gains he must create new ways of working and develop new relationships. These larger gains offer the promise of more secure island living and more exposure to the entertainment he desires. With every step, Island Man improves his quality of life while growing the pie for all.

Island Man's story is written from the end user's point of view. We believe his journey holds important lessons for those offering technology-based solutions or services. The keys to adoption lie in the creation of new value for employees, consumers, or an island man.

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GETTING TO KNOW THE ISLAND MAN

Meet Island Man. He lives with his wife and young son on Coral Cove, as close to a sunny paradise as you can get. Now that he is a family man, Island Man needs to earn enough money to support his family's needs, simple as they are. Typically, he sleeps seven hours a day, works eight, and plays for the rest. His life, while not unusual for someone born and raised in this idyllic seaside setting, seems enviable.

"Play" for Island Man means lying under a coconut palm on a sandy beach, sipping his favorite coconut toddy with his friends and family, reading, or listening to music on his little transistor radio. On the island, books are hard to come by, and the choice and quality of radio stations leave much to be desired.

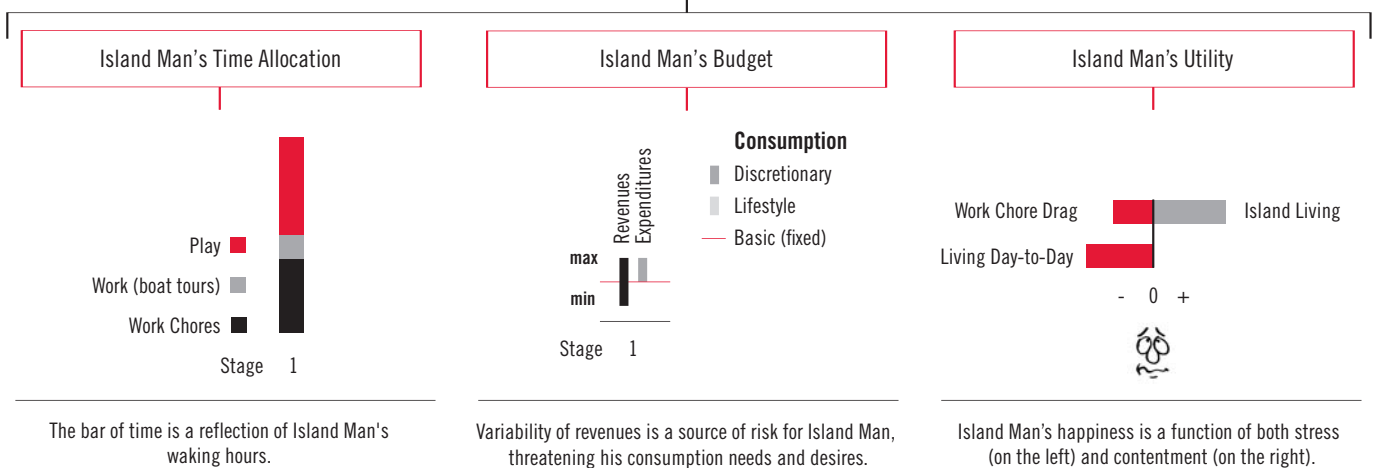
"Work" consists of trekking for about an hour to the nearest resort town, then locating tourists who want to go on snorkeling trips to the coral reef in his glass-bottomed boat. Island Man's biggest complaint has been the amount of time he has to spend finding his customers. Given the remoteness of where he lives, every day he needs to walk two miles in the hot sun on a dirt track to the village

store, hoping to generate business. If no tourists are around, he uses the village pay phone to call a travel agent in the resort town across the bay for referrals. On slow days the efforts to drum up business can consume most of Island Man's working hours. What's more, the uncertainty around whether he will be able to secure customers places his livelihood at risk, even though his consumption needs are modest.

One day, on his way to find customers for the day's boat tour, Island Man wandered into a new shop across the street from the village store. A company named WaveLink has just begun to offer a set of communications services not previously available on Coral Cove. At the lowest level, there was a basic service for making voice calls to anywhere on the island and beyond, using a small, portable device that was part phone, part computer. For more money, WaveLink offered a more elaborate service for making calls and connecting to the Internet from a variety of devices.

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Stage 1 - Getting to Know Island Man



Key Learnings

- Island Man has simple needs, yet he is burdened by onerous work chores and stressed out by living day-to-day, never knowing for sure if he will make enough money to live and care for his boat.

WORKING SMARTER, NOT HARDER

Several people Island Man knows from town had already purchased the portable device and signed up for the most basic service. In his view, it had far more capabilities than he would ever need. But given the fact that WaveLink offered a heavily discounted price, Island Man decided to go for it. He took a deep breath and signed up for a year of service.

Having made this investment, Island Man began looking for ways to put his new capability to use. For example, he no longer needed to organize his day around the compulsory hike to the village and phone booth. With his own communication device, he could reallocate his time away from chores to boat tours. Indeed, after breakfast—and while still lounging under the shade of his striped umbrella—he could make calls. He could call the weather station for the latest forecast. Without any legwork at all, he could call people he knows at the nearby hotels and restaurants to see if there were tourists milling about who wanted to go snorkeling, whereupon he could book reservations over the phone. What's more, potential customers could now call him, dialing the number dis-

played on the flyers and business cards he distributed all over the island. All of a sudden, he had control over his schedule.

Once Island Man had his own communication device and service, his costs increased. The phone allowed him to spend the same amount of time on chores and working as before. But his time was allocated differently: fewer hours spent on work chores such as walking back and forth to the pay phone and going to town to meet customers; more time spent taking customers on tours.

Even though his rates didn't change, Island Man's customers were able to find him more easily than before. When demand for his services was slow, Island Man had the option of placing calls to friends at a local travel agency (to whom he pays a 25 percent commission). However, now that his overall revenue was increasing, he also had the freedom to take quiet days off—without having to waste a lot of time before coming to this decision. He was able to shrink the worst part of his day, while providing added convenience for his customers.

Besides altering the allocation of his time, the new connectivity provided

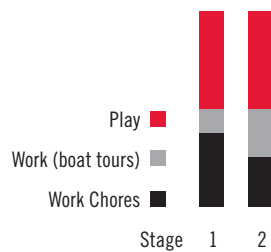
Island Man with other lifestyle improvements. His total amount of playtime did not appreciably increase, but he did gain some new play options. For example, when he leaves his boat at the end of a day of work, he can call ahead for pizza to bring home to the family. He can call friends on the other side of the bay to invite them over for a cookout. He can call the library to reserve the new Stephen King book. His wife can use the phone to call her mother on her birthday. (In fact, she began lobbying for her own phone!)

Not all of the consequences were positive. Island Man gets less exercise than he used to get when he was scrambling back and forth to town. The result: he has gained a few extra pounds.

And there were other costs. In addition to spending more for phone service than he used to spend with the old pay phone, Island Man, without any electricity at home, had to buy spare batteries to power the phone and remember to charge them up when he comes to the village. Provided he does this, few would dispute that Island Man had reorganized both his work life and his non-work life for the better.

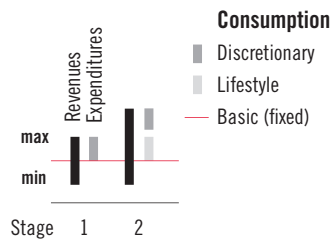
Stage 2 - Working Smarter, Not Harder

Island Man's Time Allocation



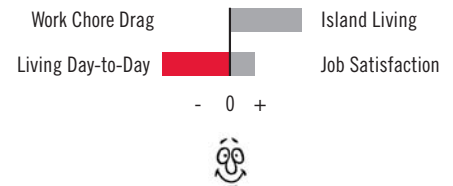
The bar of time is a reflection of Island Man's waking hours.

Island Man's Budget



Variability of revenues is a source of risk for Island Man, threatening his consumption needs and desires.

Island Man's Utility



Island Man's happiness is a function of both stress (on the left) and contentment (on the right).

Key Learnings

- Island Man's decision to invest in technology is fraught with uncertainty, but he finds that it is better to "explore" than "wait and see."
- Island Man uses basic technology services to reduce the most onerous aspects of work chores (low-hanging fruit).

THE DECISION TO ADD SERVICES

One sunny afternoon, while crossing the bay toward the coral reefs with a group of tourists from Cleveland who had phoned him that morning, Island Man began to think about how he might improve upon his current communications and technological capabilities. His customers were quick to offer suggestions. What if Island Man could accommodate tourists who preferred to schedule their activities in advance? This capability, the customers noted, could achieve two important ends: it could help him grow revenues (by allowing him to maximize the number of customers he could take per trip), while reducing the amount of uncertainty (making his revenues more predictable). With the help of a customer, Island Man created a simple Web site that described his services, his experience as a boat operator and guide, and offered information on how to book trips.

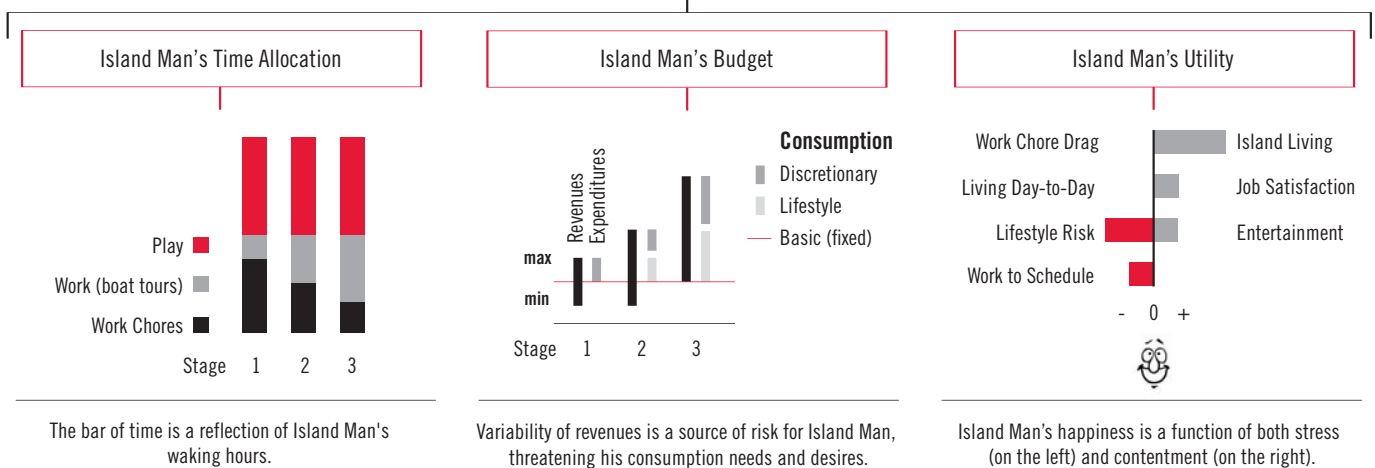
But making the transition from hit or miss bookings to advance scheduling was more complicated than he imagined. In theory, he now had the ability to book reservations days, weeks, even months in advance. However, in order to

make a significant difference, the Island Man also had to introduce direct marketing, which required having an extensive customer database, which in turn required having more detailed information about his customers. Introducing advance reservations also meant that Island Man needed to change his financial systems so that he could accept credit cards. And it required rethinking the way he approached his personal time. Now that he was booking tours in advance, he needed to commit himself to a real schedule. This meant that he could no longer take days off on the spur of the moment. Everything—even the time required to maintain the boat—had to be planned.

Fortunately, Island Man was able to get some help in initiating these changes. The sister-in-law of one of his customers owned a software company in Phoenix that specialized in assisting service companies with their marketing needs. For a modest monthly fee and a small percentage of incremental revenues, the software company agreed to manage both the direct marketing activities and the online reservations.

Within a few months, the benefits of the advanced scheduling were apparent. The level of advanced bookings—and revenue—was far ahead of prior levels under the old approach. In fact, there were many days and weeks when Island Man's boat trips were completely sold out. As a result, his concerns shifted from preserving his livelihood to maintaining his lifestyle. Although Island Man's total production costs went up with his new investments and services, his total work week stayed the same. He directed the time he once spent on monotonous chores to operating scheduled boat tours with more customers. This allowed him to generate more revenue, some of which he and his wife spend on books and a digital music player.

Stage 3 - The Decision to Add Services



Key Learnings

- Island Man builds new capabilities to reduce work chores even more and generate new revenues by running fuller boats.
- These new revenues are used to get "better" play.
- Island Man sheds the stress of living day-to-day, only to have it replaced by the pressure of maintaining his new found lifestyle.

LIVING LIFE TO THE FULLEST

Once Island Man was on firmer ground with his business and feeling less stressed, he could begin to take steps to increase the value of the services he offered – and in doing so, to charge more for them. For example, rather than offer the same basic snorkeling tour he had offered for years, he could add an educational tour led by a noted marine biologist. He could also provide a set of boat-to-shore services for which he could either charge a premium or earn tips: dinner reservations at the top restaurants; refreshments delivered to the dock.

At the same time, Island Man could partner with airlines and hotels on travel bundles. His Web site—*islandman-tours.com*—could be repositioned as a gateway for planning quality trips to Coral Cove, complete with information about the weather, the environment, local medical resources, and the latest in snorkeling gear. By offering a higher level of service, Island Man could charge premium prices.

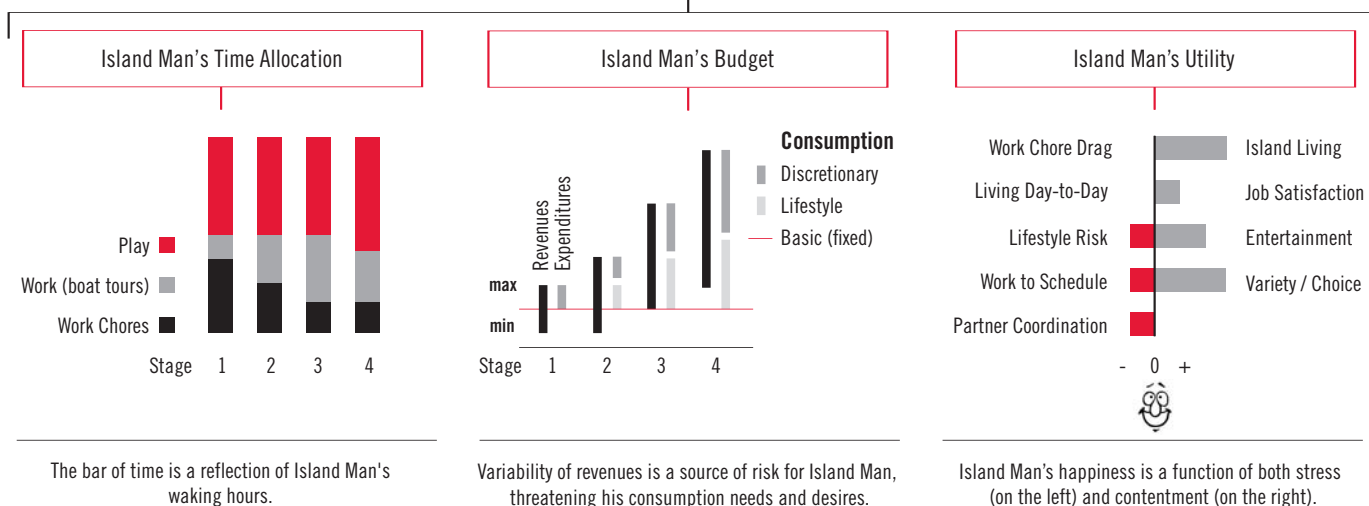
As Island man upgrades his capability, he also generates more options for future services. For example, once his Web site

has a following, he can attempt to sell advertising on it. Or, he can offer advanced scheduling services to other boat operators. He even has the option of spending more time at play (or, regrettably, at work). Each of these options may require new investment—not just money but time for learning new ways of doing things and for establishing new relationships. Then again, the investment required to extend his capability is far less than starting from scratch. Only a short time ago, Island Man would have been wary of innovations that promised “a better life,” his experience has taught him to be open minded.

Sitting beneath his striped umbrella with his wireless laptop, Island Man can look at his latest bookings online and pay his bills. He can listen to streaming music from radio stations in Honolulu or Rio and shop for solar-powered battery chargers. His wife, meantime, can e-mail family members scattered around the globe, research their two-year-old son’s food allergies, and plan next summer’s family trip to the Grand Canyon. These are all things that were difficult or impossible to do before.

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Stage 4 - Living Life to the Fullest



Key Learnings

- Island Man creates additional sources of revenue by offering new and specialty services to customers.
- Island Man's capability (a combination of technology, process, and organization) serves as a platform to launch future services.
- These future services are currently options that can be exercised when the conditions are ripe.



Photograph for BUILD by Tilak Hettige

So what does all this mean for Island Man? Has his life really changed for the better, or has it just changed? On a recent evening after a day of work, Island Man and an old friend were sitting outside, watching the sunset over the bay while sipping their coconut toddies. Island Man and his wife were still living in the same simple hut, on the same stunning beach. His livelihood still revolved around the same glass-bottomed boat. But he and his family were no longer living hand to mouth. He was working fewer hours than he had previously worked, and he was earning more—and with less at risk. In fact, for the first time in his life he had money in the bank and disposable income, which gave him the ability to make some new choices about how he invested resources.

“How was this transformation possible?” the friend wondered. “Was it the new technology?”

Island Man thought for a minute “No,” he offered, “the technology itself only explains a small part of what’s happened. The technology gave me the opportunity to change the way I did things. It enabled me to change my relationships with my customers, with my suppliers, and the way I approach my business—and my life. In a way, the technology allowed me to transform the services I sell. In doing so, I’ve been able to hold down my costs and raise my prices.”

“So what do you lose sleep about these days?” the friend asked.

“I guess the thing I worry about most,” Island Man replied, “is that other people will use technology to compete with me, but it will take them a long time to explore what I have already learned.”



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