



*Resource Solutions
of the Carolinas, LLC*

WHAT YOU DON'T KNOW CAN BE DEADLY!

Points of Interest:

- Strategic Thinking
- Not Seeing the Big Picture
- Ideas
- Thoughts
- Could You Be Next?

Events:

The Nexus Partnership **TBA**

A Strategic Gap is created with a less than complete understanding of pertinent issues.

If you understand what you don't know...
the threat is manageable.

If you only know what you don't know ...
the threat is potentially lethal.

If you don't understand what you don't know...
the threat is existential-deadly!

If you recognize that you don't know (the first step to understanding); there is a way, a path, a method or an approach – in which – after intelligent analysis and planning – you can execute.

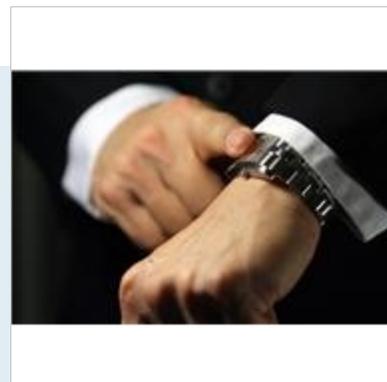
Events:

Look for upcoming information regarding The Nexus Partnership. A new approach to network marketing.

If you don't understand what you must know, you're blind, deaf and mute. You can't defend against the threat because you don't know it's there. You don't even have a sense of the world in which the threat originates.

An Example:

For the last several years, watch makers were oblivious to the threat of mobile communication devices. Watch makers concentrated on what they thought were their principal competition (other watch makers). They focused; primarily on price, and eventually produced lower and lower priced watches – trying to undercut the other guy. They moved away from their core



strength, which was mid-priced, but high quality watches.

The actual threat (substitute products) was initially (submerged) as an unknown unknown. Recently, this threat has been identified and has now become a known unknown. Even with the knowledge of the threat the response has been anemic...And too late!

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This market will always maintain a luxury segment and a very low end segment for people that don't utilize smart phones... But this is just a small piece of the bread & butter/core market – that market is gone!

Now even the low end market is under threat from digital watches whose prices are entering the realm of disposable calculators and ink pens, items that are given away as advertisements, so as technological cost decrease- there goes the value of the low end market.

The strategy of mid-price producers moving into the high end luxury segment is sub-optimal as the players there are well known, entrenched, deep pocketed and BRANDED.

The response of the watch industry was to try to reclaim the middle market by marketing watches as a fashion item, this will be difficult because
 1) Substitutes have already made significant entry and have diminished the utility

value of timepieces, especially for younger generations of consumers
 2) this is an already competitive market with there are plenty of other more established products that fulfill this benefit. However the results, they will never claim the volume or the profit of its predecessor.

In short, the industry (for lack of understanding) has allowed itself to be check mated!

A PERSONAL THOUGHT:

My grandson, and those of his generation, doesn't even own a watch. There's no reason to, the smart phone has so many advantages over the watch that it makes them not only redundant, but obsolete!

Wrist watches will eventually take their place along side of monocles, capes, buggy whips, ice boxes and coal cooking stoves. Future generations will look at wrist watches the way I look at my grandfather's Railroad Watch.

NOW – think of the possibilities if the industry had known the FUTURE - Bulova could have BRANDED with Apple, Seiko with Blackberry, etc. Not all watchmakers would have survived (lack of marketable core strengths), as someone is always left behind, but now the majority of the industry is doomed...

Because watchmakers thought they understood the submerged threats (what all of their competitors, known and unknown, were doing) but didn't glimpse the true threat (the substitute products - unknown unknown). So they spent their time and resources racing to the bottom of the primary market, when they could have been participating and creating new market opportunities through leveraging their core strengths before the eventual decline of their value.



Relic of time's past!

“Now even the low end market is under threat “



Additional Thoughts:

KNOW YOUR UN-KNOWNs:

All business owners must continue to search for ways to prevent being overrun by the unknown unknown threats to their businesses. Sometime unknown unknowns are hidden behind what are thought to be known unknowns, this false sense of security can be fatal.

SOME AREAS TO KEEP IN MIND:

<u>Environmental</u>	<u>Political</u>
<u>Market</u>	<u>Failure of Vision</u>
<u>New Products (or overlap)</u>	<u>Satisfied where business is</u>
<u>Bolt - Ons</u>	<u>New Services (or overlap)</u>
<u>Legal</u>	<u>Technology</u>