

INFLECTION POINT

INTRODUCTION

In the life span of a business there comes times where there are significant changes which have to be addressed by the business. Based on the significant change in regulation brought about by the grey listing of South Africa we have reached that point where because of the changes taken place that businesses have to address these changes or go out of business.

In particular the accounting profession who are the keepers of compliance in that they are duty bound to ensure their clients are compliant on all fronts. The amount of regulation that has been meted out to business has added 1000's of non-productive hours to the accounting profession and to business as the cost of complying with all the regulation has become prohibitive, unless of course you have the right tools.

The question arises have we reached an *inflection point*.

INFLECTION POINT

What is an inflection point. An **inflection point** in business is an event that results in a significant change in the progress of a company, industry, sector, economy, or geopolitical situation and can be considered a turning point after which a dramatic change, with either positive or negative results, is expected to result. It is based on the mathematical concept of an inflection point, where the direction of a curve changes in response to an event.

A strategic inflection point is a type of inflection point that involves a major change in the competitive environment that requires a fundamental change in a business' strategy. It can be an opportunity or a threat for a business, depending on how well it adapts to the change.

The concept of inflection point in business was first popularized by **Andy Grove**, who was then the CEO of Intel Corporation, in the 1990s. He described a strategic inflection point as "an event that changes the way we think and act" and emphasized the importance of business leaders taking action at such times.

Here are some examples of inflection points in business:

- The advent of the internet and smartphones, which transformed many industries and created new opportunities and challenges for businesses.

- The fall of the Berlin Wall and the collapse of communism in Eastern Europe, which opened new markets and political changes for businesses.
- The 2008 global financial crisis, which caused a severe economic downturn and affected many businesses and consumers.
- The COVID-19 pandemic, which disrupted many business operations and consumer behaviours and accelerated digital transformation.
- The introduction of new technologies or business models by competitors, such as Netflix vs. Blockbuster, Spotify vs. record labels, Uber vs. taxis, etc.

A Further example was the introduction of the internet which was an inflection point for many businesses and industries, as it changed the way they communicated, operated, and competed. However, the internet did not eliminate the old ways of doing things overnight; rather, it created new opportunities and challenges that required adaptation and innovation. Businesses that recognized and responded to the inflection point were able to thrive, while those that ignored or resisted it were left behind.

A **tipping point**, on the other hand, is more like a threshold or a critical mass that triggers a sudden and irreversible change. For example, the adoption of smartphones reached a tipping point when they became so widespread and affordable that they replaced other devices such as cameras, music players, and GPS systems. The tipping point also created network effects that made smartphones more valuable and desirable as more people used them. Businesses that failed to adapt to the tipping point faced obsolescence or disruption.