

## Creating Visibility of Opportunity and Threat

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### IN THE NEAR FUTURE ...

**The need for strategy to take account of the wider changes taking place with a clear understanding of how the dynamic world is interconnected.**

**S**uccess is where planning meets opportunity. This article gives insight into the opportunities (and threats) ahead, the changes taking place that will impact every country, every company, every consumer. Corporate strategy needs to understand the world is a bigger and much more complex place than the silo managed empires within individual sectors. If something is about to affect your business – you need to know what this is and what the consequences will be.

This is information you need.

The world is changing. The pace of change is increasing. To me, this means strategy and strategically driven organisations that need to be aware of and take account of these changes in order to remain relevant.

Being relevant in a fast changing world is key. Being irrelevant means being out of business.

This is about understanding how – and why – the world is developing and the series of impacts on your business. This is about taking account of these impacts and utilising finite resources wisely. Being efficient. Not accepting yet more costly mistakes. Not accepting missed opportunities. It's about making the best use of investment – and the cliché, working smarter, not harder.

It's about not mere survival in our current harsh economic climate. It's more than this. It's about surviving and then being flexible enough to develop – and increase the return on investment.

This is about good business.

All good business is strategy led. Led by a relevant strategy. A strategy that understands none of us exist in isolation, that everything is interconnected in our complex world. It understands that development within any sector cannot be seen in isolation, that the wider changes taking place in all our societies do have an impact – and importantly, will have an increasing impact.

Anything that ignores these wider changes taking place is destined to be a complete waste of money. And, sadly, this happens all too often. Companies run to stand still because they have failed to take account of the opportunities or the threats.

Make no mistake – we are undergoing significant and fundamental change. Just take a look at the world around and see how much has changed just in the last year.

So, what are these changes that will have such a major impact?

The changes are both surface and sub-surface. The changes you can see ... and those that have a long life time of a low level of activity and are barely perceptible

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and so usually not even acknowledged. This is further complicated by the sudden impact of severe natural events, many of which cannot be adequately forecast except in terms of probability. That is to say, they will happen – but none of us know when or where or how bad.

The speed of change is increasing because communications are increasing. The spread of ideas, inventions and innovations are now to all corners of the world, in spite of the efforts of some to control the flow, and so retain control of their population / market. These are the people / areas / regions that will experience the greatest level of change. To some it will be liberating – opening out a whole new type of opportunity, previously only dreamt of; while to others it will be frightening, and they will attempt in every possible way to hold on to their traditions - in some instances forcibly. The spread of conflict in this way will result in both open conflict between nations, and the more insidious, inhuman conflict of terrorism.

All this will achieve is to increase the chaos, increase the instability, and undermine all forms of sustainable development, including the profitability of many sectors ... with the exception of the arms industries.

If you don't believe the world is changing or you believe it is safer to continue with the silo management of your organisation, take a look at the following opportunities and threats that are the changes currently and increasingly taking place between now and 3 years time. The level of change WILL be significant. Sustainable commercial advantage flows from understanding this basic fact.

## 1 TECHNOLOGY

Technology increasingly becomes a part of life for the majority of people – and an important aspect for all business. The spreading of communications, the availability of information and technology innovation will dominate the next few years and present a wealth of opportunity.

- a general, global increase in technology availability and technology use
- communications and lifestyle technologies at the forefront
- massive amount of technology innovation that will impact all forms of commerce and livelihood
- massive upsurge of high-end technology use first of all in the developed world, but increasingly and quickly filtering to all other global regions
- increasing amounts of income diverted to technology purchase and use
- increasing amounts of technology IP infringements
- a major differentiator in the corporate world will be the full use of information management to understand “the customer” and create new revenue streams
- increasing attempts to control the flow of information and the communication of events – both nationally and commercially
- increasing surveillance
- increasing risk from hacking
- increasing incidence of highly organised and focused “cyber war” – which requires funding from either neither national or large commercial sources
- increasing levels of outsourcing to drive business efficiency, that is, services that are outside the core function of the organisation
- increasing business technology enablement to decrease the over complexity of the past decades to reduce costs and create efficiency and effectiveness
- increasing application of GM crops and other products
- increasing technology based efficiency of new generation of alternative energy sources

## 2 HEALTHCARE

National healthcare systems will be increasingly under stress as the population increases, the age of the population increases – and healthcare in general becomes more expensive. To preserve the integrity of healthcare systems there will be a fundamental shift to information based preventative health – but not in those areas of the world where healthcare is predominantly a business.

- one of THE major driving factors for social and long term economic social change
- massive advances in areas such as cancer care
- massive advances in areas that extend the average life expectancy
- significant input by private donations into 3<sup>rd</sup> world vaccination
- an upward shift in the average age of the general population
- increasing incidence of “residential care”
- increasing stress on each national healthcare sector – and the need for overdue efficiency and new ways of working
- increasing adoption of technology enabled solutions such as telehealth and general monitoring, ultimately involving an upsurge in information management
- a move towards preventative health rather than reactive medicine
- significant lifestyle changes promoted across different geographical regions
- the spread of tropical diseases such as malaria due to climate change
- significant national financial input
- increased corporate spend on staff welfare
- increased – and unwelcome – insurance risk profiling

## 3 CLIMATE CHANGE and INDUCED CHANGE

Climate change will increasingly be felt as a major change factor. This is not simply about a gradual increase in the overall temperature, and more about the extensive range of consequences that will alter the world we know. Combine this with man made change such as water use and pollution and there will develop a cocktail of catastrophe that will impact heavily the agricultural productivity of the world.

- increasing freshwater flow from melting glaciers with the significant danger of ocean current deflection
- increased impact from sudden and severe storms
- increased economic storm damage – mostly in coastal areas but increasingly felt inland
- a gradual and sustained shift in rainfall patterns
- a continually deepening decline in overall fresh water availability per head of population
- drought AND pollution
- agricultural decline in particularly sensitive regions of the world such as inland China, India and Asia, Africa, the US grain belt
- increasing reliance on GM drought and pest resistant crops
- increasing growth of bio-fuel cash crops that further depresses the growth of edible foodstuffs
- the widespread shift of population from the land to urban environments
- the extinction of further endangered species
- the opening up of the Arctic and Antarctic wilderness regions to widespread mining

## 4 ECONOMIC SUSTAINABILITY

Economic sustainability and therefore the prospects for growth, has become inextricably linked to energy use and supply. It is also highly susceptible to the effects of terrorism. Increasing oil prices will suppress economic sustainability. Terrorism has the potential of causing a sudden collapse in sector and regional economies. There are no winners from these situations.

- continual overall climb out of recession
- fundamental changes in the way business is organised and is conducted
- the rise of real corporate empires
- service delivery from a number of public sector areas will crumble, unable to adjust to the demands for cost effectiveness, relevance and efficiency
- taxation will increase
- militant unionisation will increase, significantly undermining economic growth and inward investment
- peak oil – demand outstrips supply, supply begins the long, slow decline
- increasing oil prices increasingly depress sustainable growth, and increasingly completely undermine widespread economic sustainability
- oil and gas increasingly used as a political weapon, increasing instability and the threat of conflict
- oil producing regions such as Nigeria become virtual war zones through internal strife and corruption
- those regions with non-fossil fuel energy sources will become the main productivity centres of the world
- GDP growth in areas such as China and India become seriously under threat due to a decline in their agricultural productivity through decreasing water and increasing pollution, and the subsequent shift of people from the land to the cities
- social cohesion in some regions (including the developed world) come under severe stress due to increasing prices
- internal national and international tensions increase
- the major growth areas will be technology innovation, the establishment of efficient new energy sources, the new healthcare horizon, materials science
- the major regional growth areas will be South America, Australia and Africa, if Africa can diminish the corruption, reliance on aid and the perpetual threat of civil war
- these regions have specific advantages with respect to the efficient generation of energy from sustainable sources, combined with the much needed organisation and commercial capitalisation
- the search for and the application of sustainable sources of energy will dominate many areas of national and business life

## 5 DEMOGRAPHIC / CULTURAL

The range of change factors above (1-4), combined with the general growth in global population will cause a significant shift in the location of the worlds population. The opportunities within this situation are ones such as new markets, new consumers. The threats are ones such as trafficking, culture clash and the spread of extremism, severe localised stress on resources, and the widespread emptying of some regions.

- populations under pressure from changing politics, increasing prices, the widening gulf between the rich and poor highlighted through global technology, and by climate change / decreasing fresh water availability

- the 1<sup>st</sup> wave of migration: varying pressures increase the flow of people from the land to the (sometimes) overcrowded cities
- increasing pressure on localised resources within the cities
- Africa increasingly becomes the target for Chinese land purchases, as markets for Chinese produce, to secure oil supplies AND importantly to secure agricultural land
- this further undermines fragile African economies
- the 2<sup>nd</sup> wave of migration: from the cities of the developing and the under-developed world, to the cities of the developed world – a massive shift of people
- the further rise in people trafficking and virtual slavery
- the further rise in organised crime
- severe pressures on localised resources in the new adopted homelands
- severe cultural tensions and outbreaks of violence
- the establishment of political extremes no longer on the fringes of society
- the rise of a new terrorism

## 6 POLITICAL

There will be fundamental political change. Some of this will be tied closely to the impending cultural change and the spread of extremism, some will be tied to the protectionism of some existing systems. All will have an impact on trade and global business. Dictators may fall, but others will rise, with democracy increasingly in the hands of wealthy supporters.

- increasing political change throughout the Middle East and North Africa
- increasing oppression in some countries such as Iran and Saudi Arabia
- in many locations, the initial calls for democracy is ultimately met with increasingly religiously extreme regimes – and even greater harshness than before the political change
- the spread of extremism increases
- extremism also spreads by way of the “2<sup>nd</sup> wave of migration” and the mass number of economic refugees from the developing world into the developed world
- “the enemy within” becomes a major force of social fear
- Iran gains nuclear weaponry
- the very strong probability of this nuclear weaponry finding its way into the hands of the extremist groups funded by Iran
- Afghanistan returns to extremism
- Pakistan goes into meltdown, opening the doors to the extremists
- together, they spread their philosophy of destruction to every part of the world. All those \$billions that went into diverting barbarism was wasted
- due to a variety of internal factors, the Chinese governments is under pressure. This manifests itself in an increasingly police state
- the rise of Russia as THE major influencer throughout eastern Europe
- increasing divisions and increasing inefficiency within the EU itself force the EU either to breaking point OR a virtual stagnation and inability to rise to any further challenge
- the US becomes increasingly protectionist
- producers within Africa increasingly band together in functional co-operatives to take their goods to market without the intervention of costly middle-men

## 7 CONFLICT

Conflict is inevitable. Peace on Earth is a worthy dream, yet with consistently increasing global spend on arms and a massive funding of weapons innovations, combined with the obvious tensions over decreasing natural resources along with the spread of extremism ... conflict is inevitable. The main question is, will this be contained to specific regions of the world, or will it spread further?

- increasing global spend on arms and other military equipment, driven mainly by the arms producers and their increasing political influence
- a further decline in EU military spending making the region incapable of tackling the new threats unfolding
- in an attempt to show it is still a leading world force, NATO will become embroiled in war that will prove to be pointless and ill-advised, and as such will display NATO as disorganised and politically incapable – a weakness seized upon by others
- increasingly sophisticated terrorism
- increasingly sophisticated cyber warfare
- increasing spend on the new generation of military hardware
- increasing co-operation across some regions, matched by increasing hostility between others
- Iran will spark off a highly destructive and costly regional war
- Russia will become embroiled in another war on its southern borders
- some governments, for example in Asia, will struggle to retain control against a terrorist onslaught and the internal preachers of hate abusing the democratic system. This will carry some regions to the brink of outright war
- natural resources such as oil, and increasingly water, will become major drivers for conflict. This will drive up costs even further, and further undermine all forms of economic sustainability

So, looking at all of the above, or even just a portion of the above, do you still think the world is not changing and there will be no impact on your business?

The above points are complex and with even more complex “ripples of consequence” that will outline a series of impacts. Yes, these points are complex and each with a hidden depth of detail that would explain the consequential impacts. They are outlined above in order to illustrate the scale and level of change taking place from the present on into the 3 year timeframe, and to display no business will be immune and so cannot afford to exist in ignorance.

Existing in ignorance does not negate the changes. The changes will happen regardless if any business acknowledges them or not. Existing in ignorance will only hasten the business downfall due to blindness of the available opportunities and threats resulting in an increasing cost base with a decreasing market share.

The over riding benefit of relevant and flexible strategy based on foresight is visibility of the opportunities and threats – and the subsequent shifting of the business direction to create sustainable commercial advantage. The key here, as always is “foresight”. This isn’t magic. It certainly isn’t crystal ball gazing. What it is, is a clear understanding of global dynamics and how the different pieces fit together to create the present from the past, and create the future from the present.

Do not be a dinosaur. History is littered with extinct species.

James Stuart May, 2011