

Trends for the next decade

The first decade of the new Millennium will be characterized by unexpected changes and challenges, accompanied by unintended consequences. Many of the attributes of human society are being examined and possibly re-defined from new points of view. These changes are being driven by the explosion of “information”, including the increased awareness of ignorance. With increasing openness to all kinds of knowledge, people are challenging the frontiers of behavior in conventional society. As people realize more basic commonality, there will be greater acceptance of diversity.

This will be a time of high volatility and uncertainty. There are major shifts coming in the relative power of individuals, as compared to societies, even countries. Technology-driven, economic power will have more weight than traditional concepts of political power. There will be a greater sense of urgency about time, and less concern about geographic specificity. The pace of evolution of the fundamental nature of society is accelerating. Basic human needs will actually become more important than ever.

The impact of modern communications is massive. Electronic distribution, being both instantaneous and on-going, being both narrowly directed and broadly distributed, are creating a totally different “agnostic” environment which is influencing concepts of human relationships. Since every relationship is defined in a context, how will we interpret this new, stateless, colorless, tasteless, (neutral flavor) context? While human needs have not changed, satisfaction may be found in completely new and different ways. The very vocabulary we use to describe human interactions needs a fresh look and possible re-definition. What is “power”? What is “emotional closeness”? Who are “friends” and “enemies”? What is “work” and “play”? What is “loyalty”? Who are “helpers”? What is “citizenship”? The list goes on and on.

China may be seen as an example, a metaphor for these coming. Over the last 30 years, massive dislocations have taken place, in all aspects of society. For example, the 50% divorce rate in Beijing is an astounding fact to recognize in what has always been perceived as a “traditional, conservative society”. This reflects a new focus on individual needs, apart from societal customs. Individual diversity confuses concepts of absolute “truth” and “correctness”, as everything becomes judged in context, i.e., relative to other, present-time, rather than historical, values. The traditional sense of community, based on shared physical history, and shared blood relationships is disrupted. The new focus on current shared values suggests that new organizational structures will evolve, where respect is based on on-going contribution of value. The concepts of “good”, or “useful”, will be defined in terms of “value added”.

The painful question is: when one no longer adds value to society, how will that person still be respected? Maybe not! What happens in a more pragmatic society? What is “leadership”? What constitutes effective teamwork? Old questions – new answers.

A major distinction between the “New Economy” business strategies and those of the “Old Economy” lies in the fundamental assumptions surrounding the concept of competition. The conventional SWOT (strengths, weaknesses, opportunities, and threats) analysis taught in business schools is predicated on the idea the companies can be compared in terms of their “competitiveness”, how they are perceived in a competitive ranking. This approach works well for vertically integrated corporations that manufacture and market “stand-alone” products that are relatively simple to understand.

In the New Economy, built by knowledge workers developing complex, sophisticated high-tech products, this approach may be only a partial answer. The key issue is the complicated interdependence, at multiple levels, of product design, development, manufacture, marketing and sales among various companies that may be cooperative one day, in the context of one project or sale, and competitive on another day. Very few companies today can control their own destinies. Consequently, companies must have a much clearer understanding of how they can add unique value to their customers, and a much stronger focus on customer satisfaction. All companies need to think of themselves as “service providers”, and not just “product suppliers”.

Product differentiation or technical superiority is no longer enough. Customers, who typically have little understanding of or interest in the technical challenges being addressed, simply demand a workable solution at a reasonable price. A vendor is asked to be a “solution provider”, which is more of a service concept. This change of identity brings with it significant ramifications in terms of organizational structure, management principles, as well as business strategies.

The following is a list of observations on the current state of the world and possible consequences for the coming decade. No attempt has been made to be comprehensive and these are subjective assessments. These are factors that influence the investment strategies of the FocalPoint Capital Funds. The quality of human life on this planet is becoming an ever increasingly important subject, not only in the mass media, but in people’s minds. The way people will choose their products and services will change the competitive landscape, dramatically, in some cases.

Business/technology

- ⌚ The rate of change in all aspects of business has accelerated significantly.
- ⌚ Technology is already beyond the capacity of most people to understand.
- ⌚ Extreme examples are apocalyptic – we can easily destroy large parts of the world.
- ⌚ One of the results of Internet connectivity is that low-cost “virtual villages” can replace “physical” villages, leading to niche market opportunities.
- ⌚ There is much more global awareness in general, leading to a complex, constantly shifting mix of cooperative and competitive behavior.
- ⌚ Environmental concerns are accelerating and multiplying in number and impact.
- ⌚ The recent temptation regarding “public venture capital” has been sobering.

Personal/Society

- ⌚ While the nature of society, including all human interactions at many levels is constantly being reinvented, basic human needs have not changed.
- ⌚ In the mass media, which defines many characteristics of contemporary culture, because technology can reach large numbers of people easily, at low cost, the lowest common denominators of needs and desires of consumers are addressed.
- ⌚ The pressure to deal with new knowledge and sophisticated technology is definitely increasing.
- ⌚ There has been an increase in the perceived standard of living, and expectations of life's rewards are definitely rising.
- ⌚ Especially in the United States, there is increasing dependence on legal structures for social change.
- ⌚ All over the world, there is increasing dependence on governmental support for healthcare, other social services. The "graying" of the population in many industrialized countries has increasing social cost.
- ⌚ In every country, every company, there are more mixed and multiple identities (multi-national citizens).
- ⌚ The increase of individual mobility, for all reasons, leads to fragmentation of social structures, including family, forcing an increase in the awareness of personal responsibility and interest in spiritual points of view.

Global Aspects

- ⌚ Entrepreneurship has achieved attention as a new, global, business model.
- ⌚ The recent dramatic growth of Asian nations has a big impact on economic and political considerations in the USA and Europe.
- ⌚ Is China on track to become the next "economic superpower"?
- ⌚ Political instability in many developing countries has far-reaching economic impact.
- ⌚ There are global financial crises, which are man-made, resulting from political concerns.
- ⌚ There are global energy crises, all of which are exacerbated by political considerations.
- ⌚ Many catastrophic events of nature have global impact because economies are linked.
- ⌚ Overall, there is an increased awareness of the limitations of global natural resources.

Conclusion

What this list is meant to show is that CHANGE is happening all around us, in every aspect of our lives, whether we are aware of it, whether we care, whether we are prepared for it. We can't avoid it and we can't really hide from it. The challenge for us truly is to find ways to manage change so that we feel that we can control how to evolve in ways that are productive for us. We need to seek directions that reinforce our own values, and cooperate with other people who share those values. We need to prepare ourselves, mentally, emotionally and spiritually. We want to welcome new viewpoints, to strengthen our ability to understand how to create mutually satisfying relationships based on respect and appreciation for others. Only in this way can change be positive in a global sense. We have to hurry. Time is the only non-renewable resource we have and it often passes by unnoticed.

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