

# The TIDES of Change

## The five trends disrupting business in the next decade

(version 3)



*article by*  
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The recession of the past few years has been more than simply an economic downturn. Important trends that were vaguely evident before 2008 have been accelerated, and now threaten to change the world of work forever. You might have survived the downturn, but your biggest challenges lie ahead.

There are five key forces that are shaping the world of work today, and causing disruptive change in every industry and sector. In this article, futurist and strategy consultant, Dr Graeme Codrington, outlines these five forces, providing case studies to show you how they will impact your organization. He provides a framework for what your team should be doing now to prepare for and respond to a new world of work.

This is essential reading for every leader and manager who is trying to think ahead, plan their strategy and get their team focused on the challenges that lie ahead.

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## Executive Summary

The recession has been more than an economic downturn. At least five key disruptive forces are significantly reshaping the world of work. We are not ever going to “get back to normal” - a new normal is emerging for everyone, everywhere. The five forces are:

**1. Technology** - The power, speed and reach of computers is continuing unabated. We can expect remarkable leaps forward in medicine, genetics, robotics, energy and even space tourism in the next decade. But we especially need to take heed of four growing trends in communication technology: user generated content (the desire that people have to engage and contribute), social media (the desire to interact and connect), augmented reality (the desire to make sense of the world by tapping into the data and information available) and mobility in a cloud (the desire to do all of these things anywhere on any devices using any platform at any time).

**2. Institutional Change** - There is no industry currently untouched by dramatic and powerful changes that go right down to the foundations - to the very rules of success and failure in that industry. This includes changes to the nature of relationships, the means of producing profit, how companies are structured internally, their risk profiles, where and how capital can be accessed, the basis for success - and failure, and the structure of the industry itself.

**3. Demography** - The world’s population dynamics will continue to change radically in the next decade. Trends to watch include an ageing population (and changes in retirement), rising life expectancy, plummeting fertility rates, the potential for generational conflict, migration and diversity. Managing different worldviews will be a key management role.

**4. Environment and sustainability** - It’s not just global warming and climate change - and government responses - to these issues. We also need to be aware of the business risks associated with issues such as food and water security, pollution, pandemics and the like. Sustainability is not merely a nice to have “feel good” issue - it is very much a strategic business issue.

**5. Shifting Social values** - People’s expectations have shifted remarkably over the past few decades. What we define as “normal” is no longer certain - in everything from how we define a “normal” career to a “normal” family. The roles people fulfill have also changed - especially for women, teenagers and senior citizens. The shifting social values are the most difficult to grasp, but the most powerful in their effects of all these trends.



Right now, our biggest competitors are ourselves. If we wait for everyone else to work out which way to go, we will end up being last. Now is the time for innovation and bold leadership - and to build strategic responsiveness at every level of your organisation. We have a chance to write history rather than just become history. I, for one, am looking forward to the ride. Armed with an understanding of the forces shaping the world of work, I hope you are too.



## The TIDES of Change: the five trends disrupting business in the next 5 years By Dr Graeme Codrington, Co-founder, TomorrowToday

As the world slowly emerges out of recession over the next few years, it will become increasingly clear that this was more than just an economic downturn. Disruptive forces are significantly reshaping the world of work. Some of these changes have been brewing for a decade or more - and now this recession has exacerbated their influence and speeded up their effects. Companies that have survived the downturn need to shift their focus to surviving the upturn. We are not ever going to “get back to normal” - a new normal is emerging for everyone, everywhere.

The most successful companies will be those that find ways to be strategically responsive. To do this, it is important that everyone - at every level of the organisation - has an understanding of the forces that will be shaping the next decade. Some key trends that were already vaguely evident a few years ago have now been catalysed by the downturn, and will fundamentally change the way we work, the rules of the game and the methods by which companies will gain and retain competitive advantage in their industries. When your people understand this, they can contribute meaningfully to your company’s success. You can develop these insights through regular analysis of your environment and strategic conversations throughout your organisation with all of your people. Their understanding will help them buy into your vision and strategies. And it is also essential for problem solving, creativity, innovation and the proactive identification of opportunities and threats in your industry and marketplace.

There are at least five key drivers of disruptive change that every organisation in every industry and sector needs to track. These are the T.I.D.E.S. of change. (It’s a corny acronym, I know, but hopefully it will help with both remembering the framework, as well as making it easy to use on a regular basis in team meetings and informal conversations throughout your organisation). Here then are the key drivers of disruptive change in the next decade, and some questions to ask yourself and your teams as you plan to respond to them:

### 1. Technology

Over the past 20 years, the power of computing technology has increased by over a million times. Although such spectacular growth is bound to slow down at some stage, that slowdown is not expected to happen yet. The next few years are likely to see some astounding advancements in technology, as computers head towards what is sometimes called the “singularity” (this is the moment when computers become intelligent enough to learn and think for themselves). This is the stuff of apocryphal movies, of course, but the real-world promise of the next few years is that computers will be able to do anything we can imagine - and more.

The most awe inspiring advances will undoubtedly be in the medical field, including the ability to understand sequenced DNA codes, develop personalised medicines, manipulate genes to cure diseases and enhance physical attributes, continue to extend life expectancies and increase the quality of life for all people around the world. It is not out

of the question that a host of awful diseases will go the same way as smallpox in the next few years, or that we will at least find cures for cancers, AIDS, Alzheimers, Parkinsons and more.

If you're not in the medical or neuroscience fields, probably the most significant technological changes in the next few years will come from information and communication technologies. Typically labelled "Web 2.0" or "social media", companies everywhere will need to deal with new methods of communicating and new demands from both customers and staff. The promise of the virtual office, the virtual team and seamless data integration will soon be realised. Or, to be more honest, the technology will no longer be a limiting factor.

When I started work in the early 1990s at KPMG in Johannesburg, they had just imported a hundred or so Macintosh Classic "luggable" computers. As a South Africa company, I believe that they had needed express approval from the US government for such an import - largely because they had about as much computing power in those few machines as the whole American government had at the time. As a young articled clerk who had grown up with Ataris and Commodores and had my own IBM "clone" XT, AT and 386 computers at home, I was allocated one of these awesome machines at work. I used to come in early and leave the office late, just to spend more time on the computer. And, if that were not enough, the office also had colour photocopiers, fax machines, access to the Internet and other technology one could only dream of.



That was then, when corporates led technology trends and owned the technology space. But these days, most people have much better computers at home, and are incredibly frustrated with the equipment and technology they have to use in the office: old computers, out of date software, limited bandwidth and restrictive IT policies that make no sense to them. Most young people would prefer to bring technology to the office than take some home with them. They'd like to load apps onto their office computers and phones, and use Google docs, cloud computing and social networks - but many workplaces won't allow it.

This signals a huge shift in attitudes towards technology and how people are using technology in their everyday lives. From online shopping to mobile phone based GPS, technology is now integrating into every part of our lives. And our workplaces feel the furthest behind.

In addition, technology now feels like it is connecting us, rather than driving barriers between us as human beings. Examples abound as companies large and small tap into these new approaches. Two of my favourites are <http://www.astorybeforebed.com> and <http://www.patientslikeme.com>

There are three key forces that lie behind the developments in information and communication technology that we are currently experiencing:

## **a. Social Media**

Facebook, Twitter, LinkedIn and other social media networking sites are being driven not by teenagers who want to tell the world what they had for breakfast, but by our human desire to connect and interact. At last, computers have stopped creating space between us and are providing ways to connect us together. This will change how you communicate and interact. But it has even more potential to change your entire business structure, with collaboration at every level.



Social media is not just teenage toys. It is the way of the future. It might not be Twitter or Facebook forever - we still need to learn exactly what works, why it does, and how we should use it - but the trend of direct person-to-person interaction is here to stay, and companies need to understand and harness it, both internally and externally. For more on this trend, see a separate article at <http://tr.im/socialmedia2>

One of the most important immediate applications of this sub-trend is that companies must evaluate their online presence. Most corporate websites are little more than online brochures. This is not acceptable to a generation of people used to generating their own content and being able to interact freely with everyone else's information. People want to be able to engage with you and contribute to a conversation - via your website. It's relationship without investment and engagement without commitment. At minimum, your corporate website should enable comments on every page, but there is so much more that can be done if you embrace the brave new world of technological communication. You should also be tracking what is said about you using <http://www.google.com/alerts>

## **b. Augmented Reality**

AR refers to the ability to overlay data onto the real world. The simplest examples are now available on iPhones and other smart phones. Because the phone knows your actual location using GPS (and even the direction you're facing as most new smartphones include compasses), you are able to take a live video of the skyline of the city you're in (I use this app in London, but know it's available for New York, Paris and Tokyo at least), and overlay the image on your screen with notations showing me the closest Tube stations. There are other apps that tell you where the closest pub, post office, parking garage and even public toilet (for desperate parents of toddlers) are. And more augmented reality applications are being released every week.

The world's smallest data projectors are now hand held, and can be worn around your neck. This allows us to combine the video camera that looks at what you can see, and the data projector that can project information onto what you're looking at. Pick up a book in the bookshop and the system searches Amazon.com for the reviews and beams the rating onto the cover as you watch it. Pick up your airline ticket as you make your way to

the airport, and the system accesses live flight information and beams the gate number and departure time onto the ticket as you watch it (see this system demonstrated at this TED video: <http://tr.im/ted6sense>).



The impact of this trend is going to be enormous for the way people interact with the real world. The implications could be profound, but the immediate issue is that people are learning to expect to be able to find any piece of information they need immediately and visually represented on their smartphones. Your ability to match your data with the real world is essential. Your ability to deliver it in visually stunning ways is becoming increasingly important (Daniel Pink wrote about this in 2005 in “A

Whole New Mind” when he suggested that “the MFA is the new MBA”. The MFA is a Masters of Fine Arts and is the sought after degree of designers). This is going to mean hiring people with very different skill sets from the typical product development, communications and marketing teams we currently have.

### *c. Mobile-isation and “the cloud”*

It should be fairly obvious from what I have said so far about technology trends, that people will be increasingly accessing the Internet from smaller and smaller devices that are more and more mobile. This is not just smartphones, but small tablet computers, handheld devices, laptops and other similar devices that will flood the market in the next decade. Added to this is the move towards “cloud computing” where all our data is stored remotely and can be accessible from any device anywhere on any platform.



Convergence is the computer term for the ability to access any data, using multiple services over any network on a single device that is getting smaller, easier, more powerful and cheaper to operate. You’ll soon not find it novel to watch TV on your mobile phone or pause and rewind live radio in your car. You’ll be able to link up any device in your home or office to an IP address and remotely monitor and control it from any Internet connection anywhere in the world. Every piece of information you could possibly want will be instantly -

and beautifully - represented for you in any format you require (if you want to see an example of this last point, check out <http://www.gapminder.org>). The ability to put serious computing processing power into small devices has unlimited applications.

One of the applications I am most looking forward to in the next few years will be translations linked to voice recognition. Travelling internationally as I do, and working with people from different countries, it’s going to be wonderful to have access to an application that allows me to speak a sentence into my phone and then have it translated and played back in any language. It can then do the reverse, as it records what the other person says and plays it back to me in English. The only reason we don’t have this yet is

simply processing power - and that is being solved as we speak.

Increasingly, customers are demanding the ability to research and purchase your products and services from their mobile devices. This is not just about ecommerce and home delivery of groceries, it's about accessing whatever you're selling in fundamentally new ways. This applies to everything from luxury goods to legal advice, from insurance to medical diagnoses. It's more than just having a website - it's about changing the way you connect with people.

This is equally true for your staff and geographically sprawling teams, as they will become accustomed to virtual meetings, Skype video calls, Google Wave conversations and social media interactions - all on their mobile devices (in other words, out of range of your IT department's policies!). These will be for personal use initially, and then rapidly integrated into their workplaces. But it's already happening - even if you don't know about it yet. These combined trends are going to radically reshape how we work.



*At the end of each of the discussions of the five disruptive trends shaping the new world of work, I will ask the same three questions of you: what technology changes are likely to disrupt your industry in the next 3 to 5 years? Who is helping you to ask the right questions about this issue? And where are you going to find the answers?*

*These are great questions to discuss with your team, and regularly come back to in the next 3 to 5 years as we navigate turbulent times. And, as a good starting point, invite the youngest and the craziest person (that "irritating person who should have been fired already") in your office out to lunch next week, and ask them these questions about technology. Listen until they finish talking.*

## 2. Institutional Change

The ongoing economic crisis has done much to change the futures and perceptions of many industries. Almost every industry is in the midst of a period of disruptive change where the old rules for success don't seem to hold true. This is because many industries are currently experiencing deep structural changes. This includes changes to the nature of relationships, the means of producing profit, how companies are structured internally, their risk profiles, where and how capital can be accessed, the basis for success - and failure, and the structure of the industry itself. Mergers and acquisitions will start again soon, and we'll see surprising winners and losers emerging as they always do after a recession. Some industries are not yet affected radically, but it's unlikely that any single industry will emerge out of this recession unchanged.

By "institutional change" I mean that the very rules of an industry are changing. Most industries have these "rules" - the unwritten ground rules for success. It is inherited wisdom that everyone in the industry accepts as gospel. It's hardly ever questioned. As we emerge out of this recession I am suggesting two things: (1) that the rules have changed - not all of them, but enough of them to make your industry feel like an unfamiliar place, and (2) that competitors will question the rules and make changes that would have been unheard of just a few years ago. It would be better for you to be ahead

of this curve, rather than behind it.

There are many different types of institutional change that could affect your industry. It could be the changing demands of your **customers or consumers**. This has happened to *postal services* around the world, driven by technology and changing social values. Yet, the unions of postal workers and their management alike don't seem to understand how deep the changes go. The *newspaper* industry has been trying to deal with this for years, and the *paper* industry is still in denial about it. Any industry that has B2B customers or end-user consumers that are shifting towards Internet use as their primary means of connection will face similar institutional change in the next few years. This will also drive even more **disintermediation**. Not only agents, like *estate agents* or *brokers* will be affected, but the *music industry* is experiencing trauma around this issue, too. They don't know who owns the music, who can distribute it, and how to control the technology that allows us to share our music. How should they manage the **pricing and distribution** of their music? One of the best business books of 2009, "Free: The Future of a Radical Price" (by Chris Anderson), suggested that much of what we pay for today will be free in the future - with radical new **pricing models**.

Changes in **what people value** and how much they're prepared to spend have obviously affected almost every industry during the economic downturn. Some industries will soon discover, however, that these changes in value might have been sparked by the downturn, but they are permanent changes. *Airlines* and the *meetings, conferences and exhibitions* industry are concerned that people will not quickly go back to having as many face to face business meetings as before. *Car manufacturers* know that there is a trend away from gas guzzlers towards economical and hybrid cars.

Some industries have seen significant **structural change**, including who owns whom and how many players there are. *Motor vehicle manufacturers* are a good example of this, as are *banks*. Just because you've survived the worst of the downturn doesn't mean you'll survive the upturn. M&A activity is about to mushroom, and no-one will be safe in the next few years.

*Banking* - both retail and investment - is also a great example of an industry that is about to experience massive **regulatory change**. I doubt anyone can predict precisely what regulations will be imposed on investment and banking in the next few years, but we are all sure they won't be left alone. I am sure, for example, that bankers won't have their bonuses capped by legislation, but the fact that this issue is currently constant front-page news is a sign that the rules have changed - and a sign that bankers haven't yet worked that fact out.

*Pharmaceuticals* have had to deal with constant regulatory change for many years, and face an even more daunting future as medicine moves towards personalised solutions and genetic experimentation. And, of course, with America heading towards a new healthcare system, significant change in **who makes the industry's buying decisions** is also heading their way.

The world's *militaries* have not yet understood that the very **rules for success** have changed. How do armies win wars these days? It's no longer the country with the most



combatants or best weapons that win the war. It has been over 20 years since an American fighter pilot shot down an enemy combatant in a dogfight, for example. Winning a war these days is a lot more about “winning the peace”, but very few armies have made this adjustment. This will require **new skills, different personnel, different structures and chains of command, updated mandates and alternative leadership styles**. The same is true in other industries as well.

I could go on and on, picking examples from almost every industry around the world. That’s why this is probably the most difficult disruptive trend to write about generically: every industry is going to be affected differently by institutional change. But every industry is going to experience some form of institutional change as we emerge out of the recession. If you want to be a future focused leader, you need to accept that some of the rules, structures and systems of your industry and your company must change. And if you make these changes before the rest of your industry, you can gain a significant competitive advantage.

There is a problem that faces you now, though, and threatens to be debilitating. It is your inability to see what is right in front of your eyes. It’s easy to see the institutional changes taking place - or about to take place - in other industries. It can be more difficult to see it happening in the industry that has been your career and in which you are heavily invested. It is your instinct to protect yourself and your industry from change. But right now it is more important to identify the changes that will reshape your world. Kenichi Ohmae wrote in his 2005 book, “The Next Global Stage”:

“Over the last two decades, the world has changed substantially. The economic, political, social, corporate, and personal rules that now apply bear scant relation to those applicable two decades ago. *Different times require a different script.*” (my emphasis).

Institutional change requires new thinking about your industry. The key to understanding this disruptive trend is that we are finally being forced to deal with the implications of the shift from the industrial to the information age. We should not be surprised that it has taken nearly half a century for the implications of this shift to be fully felt. It took longer than that for the industrial revolution of the first motor vehicles and steam trains to convert into the consumer economy epitomized by Henry Ford’s assembly line.

As we emerge out of this recession I am suggesting two things: (1) that the rules have changed - not all of them, but enough of them to make your industry feel like an unfamiliar place, and (2) that competitors will question the rules and make changes that would have been unheard of just a few years ago. It would be better for you to be ahead of this curve, rather than behind it.

Each industry will be affected differently, but there is no doubt that institutional change requires new thinking from you and your team. Our default reaction to such seismic change is to protect ourselves. This will happen in your industry too. But now would be a good time to go against the flow, and question the assumptions that threaten to constrain you and your competitors.



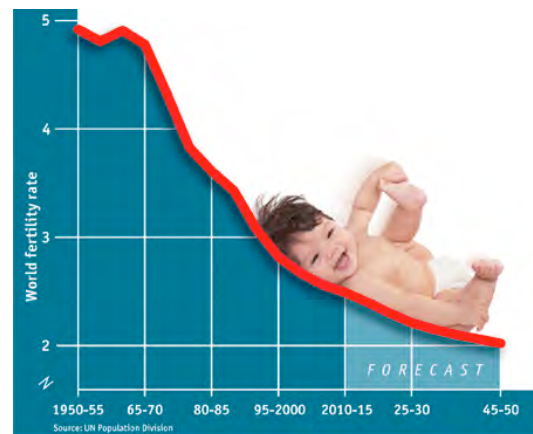
*So, what institutional changes are likely to disrupt your industry in the next 3 to 5 years - what will be the new rules and the new structures for success? Who is helping you to ask the right questions about this issue? And where are you going to find the answers?*

### 3. Demography

The third of the five TIDES of change is demographics. There are many trends we could consider as we look at the study of changing populations, but the most important ones that will impact business in the next 3 to 5 years are: an ageing population (and changes in retirement), rising life expectancy, plummeting fertility rates, the potential for generational conflict, migration and diversity.

One of the most iconic of all population representations is the population pyramid (see country details at <http://tr.im/popgraph>). In almost every country in the world, these pyramids are changing dramatically. The impact of modern medicine is resulting in longer lives - not just being older for longer, but people are living better, healthier and more productive lives for longer. Because our expectations of how long we'll live have changed, we're also increasingly choosing healthier options, spending more on healthcare, marrying later, having children later and divorcing more. Paradoxically, we're also saving less, as we expect to work longer and not retire in our mid 60s.

Population pyramids are also being affected by falling fertility rates. Not only are women having children later in life, they're also having less children. The global average has fallen from about 5 children per woman/family in 1950 to about 2.5 in 2009, and an estimate of less than 2 by 2050. 2.1 children per woman/family is the "replacement" rate. Anything below this number means that populations are in decline. This is happening in many developed nations already. But this is a huge trend in the developing world, too.



Picture credit: The Economist, 29 October 2009

In Britain, it took 130 years - from 1800 to 1930 - for fertility to drop from a rate of 5 children per mother to 2. This happened in South Korea in just 20 years, from 1965 to 1985. In Iran, fertility has dropped from 7 in 1984 to just 1.9 in 2006 (and 1.7 in Tehran). This is about as fast as social change can possibly happen. Africa is a notable exception to this plummeting of birth rates, but the trend is nevertheless there. Unfortunately, in Africa, AIDS is likely to have a similar population reducing effect.

The combined effect of all of these trends is to turn population pyramids into population coffins. Their shape is coffin shaped, and the impact of the change in demographics could be deadly. There will not be enough young tax payers to pay for the benefits countries want to provide for older people. Older people will not be able to retire - but nor will they want to. They're much more likely to "re-tyre". There will be less young people, but because of the laws of supply and demand, they'll feel more powerful and be more influential.

Generational differences are a potential area of conflict. For example, political parties will probably form on the basis of age issues (a pensioner's party has already been voted into the government in Israel). Global migration will become both more essential and

more difficult, and will lead to political battles between nations. Similar divides will likely emerge in workplaces. If senior leaders don't leave into retirement, if middle managers don't accept promotions which require them to uproot their families, and if younger people enter the workplace with fundamentally different expectations of what a career looks like and deeply held desires for work-life balance, then the world of work will truly be changed beyond recognition. "Generations" could well become a diversity issue in the same category as religion, gender, disability and race.

Global migration patterns are also exacerbating diversity issues. We now live in a world where more people live in cities than in rural areas, as migration continues to urban centres. Global migration is also happening between rich and poor regions of the world. At the same time, many corporates are beginning to realise that the first billion consumers (the world's rich and middle class) have largely been reached and saturated with their products. Now, they are eyeing the next 2 billion consumers in rapidly emerging developing nations (such as Brazil, India, China, Mexico, the Philippines, Nigeria and South Africa - between them, these seven countries account for just under half the world's population, and almost 90% of the newly emerging middle class). Books like "The Fortune at the Bottom of the Pyramid" and "How to Make Globalization Work" are pointing the way to a new future for these people - and with these people as customers, too.



A key part of management's role in the years ahead will be to manage conflict between competing worldviews and demographics, and to find ways to unlock the wealth of global diversity in both staff and customer pools. A key part of management's role in the years ahead is therefore to manage conflict between competing worldviews and demographics.



*What demographic changes are likely to disrupt your industry in the next 3 to 5 years? Who is helping you to ask the right questions about this issue? And where are you going to find the answers?*

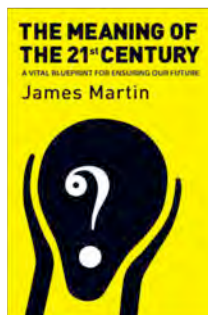
#### 4. Environment and Sustainability

You can't walk past a newsstand these days without a host of magazine covers shouting something "green" at you. And you can't talk about the future without including this topic.

It seems clear to anyone who has been alive for more than 20 years that the weather they remember as kids has changed dramatically. The reports from the world's glaciers, rainforests, savannas, natural springs, waterways and oceans all indicate that we are in trouble. This may be part of a long-term cycle that has been in place many millions of years, but it also seems equally clear that billions of human beings using up natural resources and churning out non-biodegradable waste is, at very least, exacerbating the issue. Personally, I am sceptical of the climate change sceptics, and very interested that many of them get funding from companies that have every incentive to distort the truth. They appear to me to be a bit like the "experts" who denied that cigarettes caused cancer for so many years. (For more information on how to get your team to save energy and improve your business by being more sustainable, see some of the resources I have

made available online: <http://tr.im/greentraining>).

But, regardless of what you - or I - think about these issues, the governments of the world seem to have made up their minds, and are instituting policies and programmes to deal with carbon emissions and energy usage. And this is the key to the disruptive changes we should expect in the very near future. They might not get firm international agreements by the end of this decade, but the carbon trading programmes and energy policies of individual countries and regions are significant in themselves. Energy will cost more, and therefore so will transportation. Input costs will rise, and money will be made - and lost - in the carbon trading schemes.



But it's more than just global warming we need to be worried about. As James Martin points out in his excellent book, "The Meaning of the 21<sup>st</sup> Century", there are at least 16 major issues facing the world in the next few decades - each one of which could ruin the planet and change life on earth forever. These include pollution, extreme poverty, pandemics, runaway computer intelligence, dwindling water and food supplies, increasing violence and weapons of mass destruction, and more. In the next few decades, there is no doubt that government programmes will continue to extend to even more issues.

### ***Business reasons to take sustainability seriously***

You need to take these issues seriously, for many reasons. And they're not just reasons that Greenpeace activists are interested in - they are business reasons, too. By dealing with the environment and sustainability issues, you can save money, reduce your risk profile, proactively deal with compliance issues, gain media exposure and obtain a competitive advantage in your industry. Increasingly, ethical consumers are demanding that your products and services meet certain standards in this regard. And they are becoming increasingly educated on what questions to ask, and where to look for the answers to their questions. Today's consumers are not just looking for a good product at a fair price. They are looking beyond the product or service to the ethics of the company that supplies it. There is growing interest, for example, in labour practices, diversity quotas, environmental policies, social responsibility, and even CEO salaries are under scrutiny.

So-called "triple bottom line reporting", in which companies present not just financial results, but also social and environmental results and impact too, is one way in which corporates are trying to respond. And they need to respond because customers are voicing their concerns, in everything from boycotting stores to suing corporations. Companies like Ford, Gap, Nike, Primark, Walmart and KfC have all experienced the wrath of ethical consumers in recent years, and have been forced to respond quickly to protect their reputations and their very existence as companies.

This growing emphasis on ethical consumption is a trend that cannot be ignored. It is not going to go away. Possibly even more important is the impact this issue could have on your staff. Think about it: if I won't buy from you, do you think I would work for you? An increasing number of graduate recruits are stating that the environmental policies and ethical image of potential employers is "very important" in their decision making process.

In the "war for talent" that companies of all sizes have to fight, environmental issues can be a deciding factor.

This has been confirmed in the UK by both the Association of Graduate Recruiters (AGR) and the Chartered Institute for Personnel and Development (CIPD). In the US, a survey of over 4,000 people carried out by recruitment job site MonsterTRAK found that 80% of young professionals are interested in securing a job that has a positive impact on the environment. And over 90% claimed they would prefer to work for an environmentally friendly employer. In the UK, a survey of 5,000 job hunters showed that 43% would not work for a firm which had no ethical or environmental policies, even if they were offered £10,000 a year more than to work for a business with a sense of corporate social responsibility. This was confirmed in a global survey of graduates by PriceWaterhouseCoopers, "Millennials at Work", which found that 88% of young staff wanted an employer whose CSR values matched their own. 58% of employees specifically indicated that they wanted their employer's policy on climate change to match their own.

This is not only a recruitment issue. Employees are much more likely to be engaged in a company that makes a positive contribution to the environment. The media coverage and goodwill generated will also serve to motivate staff and engender a sense of pride in their work and association with an environmentally progressive organisation. Read more about nine reasons to take sustainability issues seriously at <http://ow.ly/1MHwS>



*So, what environmental and sustainability changes are likely to disrupt your industry in the next 3 to 5 years? Who is helping you to ask the right questions about this issue? And where are you going to find the answers?*

## 5. Societal Values

The final TIDES of change is shifting social values. If the previous four trends are changing the world as I have suggested, then it should not be surprising that people's values, their dreams and aspirations, their expectations of what a good life looks like, their desires for their lives, work, families and careers are all changing, too. This trend is the most difficult to pinpoint - and respond to. But it is most definitely happening, and will ensure that the other trends I have spoken about are not just passing fads. We are living through an era of radical change that will end up with us on a new trajectory in human history. This has happened many times in history, most notably during the Renaissance, the Reformation and the early Industrial era. It is now happening again.

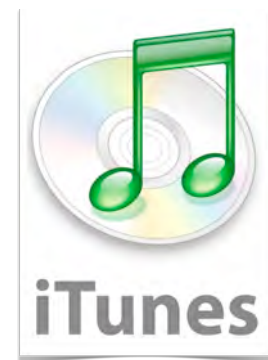
At one level, "shifting societal values" is not a fifth trend - it is rather the summary of the other four trends. Let me use one industry to illustrate this.

I can remember as a child spending many happy weekend afternoons listening to my parent's collection of vinyl records. The soft hiss and intermittent scratch as the needle bumped along the record groove were the background noise to the music of the 60s, 70s and 80s. Then came cassettes and the Sony Walkman, with teenage years of compilation albums and stretched tapes (and mangled tape as the batteries in my boombox died and the machine ate the music and destroyed my favourite album). Compact Discs were warmly welcomed, with their huge leap in quality and durability. And then came MP3s,

the iPod and the digital age. Now it's possible to have our entire CD and LP collection on a small memory stick that can fit into the palm of our hands. But the real revolution is that you can plug that memory stick into your friend's computer and download thousands of songs - but you get to keep them as well. It costs nothing.

The music industry has responded to this by trying to turn us into criminals. Hollywood has a similar problem. Every time I spend good money to go and watch a movie, numerous infomercials tell me how many criminal acts I could commit if I even think of taking my mobile phone out of my pocket and recording an image off of the screen. As someone who makes money selling intellectual capital, and earns royalties on book sales, I am not in favour of the wholesale theft of music or movies. But I am equally incredulous that the geniuses behind the entertainment world have not yet worked out how to find a middle ground. I don't want to have to buy a whole album if I only like one song. I want to be able to share songs with my friends, introducing them to new music, so that they can enjoy what I like (and probably go out and buy the album for themselves), and spend serious money to join me at the band's live concert. I'd also like to be able to make a copy of the CD (or DVD) so that if the original gets damaged, I still have the music I bought. And, why won't they send me a free MP3 of all the albums I already have purchased on LP, then again on cassette and again on CD over the last three decades?

Of course, one company did see the change coming, and were able to do something about it. That company was not part of the music industry, but now, just three years after embarking on a music strategy, it is the largest music retailer in the world. That company is Apple. Through their iTunes store and a clever technology licensing solution, they've taken the music industry by storm. And they've changed the habits of millions of people around the world. Add to that the iPhone app industry they've spawned in the last two years since opening the iPhone platform to independent application developers, and Apple computers would have been a good share to buy a few years ago. I'd still buy them now, since the music industry - as well as the phone manufacturers and mobile telecoms providers - are still scrambling to catch up.



Our attitudes towards music, downloading, and sharing have all changed in recent years. This has been enabled by technology and is driving institutional change that will reshape the music industry forever. The entertainment industry may be an extreme example, but almost every industry in the world will face similar changes in the next decade. We ignore shifts in societal values at our peril.

Changes in expectation are also impacting your workplace. Recent research is showing that some of the ways in which we have tried to motivate and manage people are no longer working. This is because people have changed, and the world in which we work has changed. Many management techniques are based on assumptions about people's values that were true for an industrial, manual labour oriented workplace. We no longer live and work in that world.

This is not the place to go into detail, but a few examples will illustrate this point. **Pay for performance motivation techniques** have been proven to be ineffective in any environment except manual labour. This is the amazing outcome of detailed international

research that will be released in 2010 in a book by Daniel Pink, “The Surprising Science of Motivation”. (See a video of him talking about the research: <http://tr.im/pinkrewards>). People might want bonuses and cash rewards, but giving it to them will either be demotivating or will encourage destructive behaviour. When I have presented this research to audiences, I invariably am greeted with sceptical looks. It sounds incorrect - until you examine the evidence. For example, the banking world is probably most renowned for their culture of extraordinary bonus payments. That worked well for them in the last few years, didn't it? Some argue that sales people would not work unless they were paid for their performance. Pink's research is not talking about commission, but rather about bonuses, but even with sales people, I wonder how many of your sales people are adequately incentivised to complete all their post sales admin, their follow up customer care and their client retention responsibilities? A bonus culture tends to reward the “hunt”, rather than the relationship, and that can result in long-term detrimental activity for your brand. Pink's research is pretty convincing - if you're prepared to accept that we live in times of remarkable change, as the structures of our institutions shift.

Another example relates to **virtual, temporary teams**. I recently met with a young insurance sales superstar. He outperformed the rest of his sales team by almost double on a regular basis. Of course his boss asked him to share his secrets with the rest of the team (he refused, by the way, since the bonuses were calculated on a relative basis in terms of performance in relation to the average in the team, so he had no incentive to help others). His secret was simple: he employed his own assistant. This was a person who was not known to his company, nor paid by them. He paid this person out of his own pocket, and managed them virtually. This type of assistance is now generally available - either ad hoc or permanently - through sites like <http://www.elance.com> and similar services. Our expectations of what a team looks and feels like is changing, and this shifting value will impact how our companies are structured.

A final example is **managerless teams**. Research repeatedly shows that teams that have to operate without a manager for an extended period seem to improve their performance. This might happen when a manager has extended sick leave, is relocated to another office, or is just not replaced due to headcount restrictions. Whatever the cause, the result is most often that the team finds a way to work more efficiently and effectively without the manager. So why do we have managers at all? Gary Hamel's “The Future of Management” or Henry Mintzberg's, “Managing” are good books to read on the topic of how management needs to change in the next decade.

If the previous four trends are changing the world as I have suggested, then it should not be surprising that people's values, their dreams and aspirations, their expectations of what a good life looks like, their desires for their lives, work, families and careers are all changing, too. Many companies are hoping that we will soon get “back to normal”, but it isn't going to happen. The downturn has been more than economic - it has served to catalyse many social, political and values changes that had already been underway, and will now change the world forever.

You need to consider what expectations are changing in your staff, customers and business partners. Not just in relation to you and your offerings, but to their entire lives and how what you do for them fits into these. This trend has the most potential to surprise you. Therefore it also is the key to gaining access to the hearts and souls of your stakeholders - and that is where the new sustainable competitive advantage in your

industry is to be found.



*What changes in societal values are likely to disrupt your industry in the next 3 to 5 years? Who is helping you to ask the right questions about this issue? And where are you going to find the answers?*

### How You Should Respond: Surviving a Tidal Wave of Change

Our instinct when faced with almost overwhelming change is to protect ourselves from it. But such protection quickly becomes restriction, and is not the antidote at this time. It is already clear that industries that are resisting change are in trouble. But we should also resist simply changing everything for the sake of change. One of Peter Drucker's favourite sayings was: "The greatest danger in times of turbulence is not the turbulence, it is to act with yesterday's logic." That provides the start of a solution.



The key to surviving a tidal wave is really to know in advance that the wave is coming. If you're caught by surprise by a tidal wave, there is basically nothing you can do. As the world watched in horror on Boxing Day 2004, a quarter of a million people on the shores of the Indian Ocean were overwhelmed by one of the worst natural disasters in history. A massive earthquake off the coast of Indonesia displaced a large section of the ocean, and a 500km/h, 15m high tsunami brought destruction to Indonesia, Thailand, Sri Lanka, India and even Kenya. The earthquake was felt by many in Indonesia, and that was a small warning for them to run to

higher ground. In other parts of the world that day, a lucky few saw the ominous signs of an impending tidal wave. A 13-year girl in Thailand had just studied tsunamis at school and knew that when a tidal wave was on its way, it sucks the water away from the beach in dramatic fashion. She saw that happening on the holiday beach her family were at, and warned her parents and friends to run to higher ground. They all survived.

It is possible to reach the "higher ground" in your industry, if, and only if, you see the warning signs of the TIDES of change now and respond soon. Earthquakes have been taking place - shifts have happened beneath our feet. And now a wave thunders towards us. As with a large tsunami, it isn't only the front end of the wave that is dangerous - it is the weight of the water behind the leading edge that just keeps coming at you, unrelenting in its intensity. In some of the trends I have outlined above, the leading edge has hit already. The danger now is to think it was just a single wave - a fad, a passing fashion, a craze. In reality, these TIDES of change will be with us for at least a decade, and when they recede - if they ever do - they will leave the landscape changed forever.

*So, how should you respond?*

**Firstly**, you need to understand these trends and know how they will impact your industry. This means taking some time out for reflection, and discussion with representatives from your entire value chain, and experts from outside your industry as well. You need to use this framework to encourage interactions that produce insights for

your industry and your company.

**Secondly**, you need to accept that you will not gain an absolutely clear picture of the future. You cannot wait for absolute clarity before proceeding. In fact, I'd suggest that uncertainty is the new normal. Back in 1972, Alvin Toffler wrote possibly the best future-focussed predictions book ever written, "Future Shock" in which he suggested that the 21<sup>st</sup> century would be characterised by constant change. So far, he has been proved correct. One implication of this is that we need to learn to lead and work in a culture of uncertainty. This is something new for us, and our mindsets need to adjust to this new world of work. It means we sometimes need to take a few tentative steps into the dark before we know whether we're heading in the right direction. It also, more importantly, means that the type of conversations I have suggested above need to be a regularly recurring item in you and your team's diaries. Schedule these conversations now, and make sure they're labelled "important" and don't get crowded out by the "urgent".

**Thirdly**, be bold and be brave in your choices. Most companies find themselves in difficult times, facing a tough year ahead. Now is the time for innovation. Let's be honest - what is the downside of failure right now? No-one will blame you for trying and failing. You'll be seen as a tragic consequence of the worst downturn in living memory. But what if you succeed? You'll be hailed a visionary and a fearless hero. I am being a bit facetious, but I do really believe that now is a great time for clever, but bold, strategies that redefine the boundaries of what can and can't be done in your industry.

**Fourthly**, arm yourself with the skills and knowledge needed to survive and thrive in a constantly changing new world of work. We're at the tail end of the information economy, and a new era of connection, emotion, relationship and collaboration is just starting. You need to develop the skills and mindsets that will help you succeed in this new era. This does not only apply to you as a leader, but to everyone in your organisation, at every level of the organisation.

**Fifthly**, build a haven of stability within your organisation by focusing on your strengths and becoming passionate about your distinctive culture. Families survive crisis times by pulling together and regaining a sense of "us versus the world". These can be invigorating times, if you build a shared sense of community within your organisation, and help your teams to give their best and be their best. The next few years will bring opportunities we have not seen before, and your team could be hugely motivated by their ability to identify and respond to these opportunities.

**Finally**, don't imitate others. Right now, our biggest competitors are ourselves. If we wait for everyone else to work out which way to go, we will end up being last. Now is the time for innovation and bold leadership. We have a chance to write history rather than just become history. I, for one, am looking forward to the ride. Armed with an understanding of the forces shaping the world of work, I hope you are too.

## Facing the Future

It's not just the short-term challenges of the recent economic difficulties, but over a period of time, competition, the speed of change, globalisation and the technology that we've implemented have simply made business more complicated. One of the ways that

businesses have responded is to reduce layers of management and bureaucracy, passing responsibility and authority further down into our organisations. We thus expect people at all levels to act with the type of understanding, critical thinking, initiative, agility and responsibility that just a decade or so ago were largely reserved for people in the executive suite.

To be successful in the coming decade of turbulence and opportunity will require the involvement and commitment of everyone throughout your organisation. Use this framework of the TIDES of change to guide your formal meetings and informal conversations, and help focus your team on the forces that will disrupt your industry and change your market considerably. Success is not guaranteed - but this is a great starting point for making the most of turbulent times.

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*Dr Graeme Codrington is a business strategist, keynote presenter and thought leader on the future of work, and attracting, retaining and engaging talented staff and clients, across the generations. His inspiring keynote presentations and workshops get teams inspired to immediate action and long-term business improvement. More information available at <http://www.tomorrowtoday.uk.com>*

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## About TomorrowToday

**TomorrowToday** is a partnership between highly experienced and like minded individuals with a passion for showing business leaders better ways to work, and the latest trends in the new world of work.

For almost ten years we've developed powerful thought provoking presentations and workshops, requested by successful businesses and organisations around the world. We focus on four key areas:

1. Understanding the world around us
2. Improving leaders, talent and teams
3. Elevating customer experience, marketing and retention
4. Developing and executing strategy.

Our core skill is our ability to track trends and map the world of tomorrow, especially trends related to people - their needs, desires and expectations, and how they will shape the new world of work. Our core business is to help our clients gain tomorrow's competitive advantage today, by understanding the drivers of people's behaviour and attitudes and showing them how to influence others.

Please contact us to request an appointment with us - we'd love to meet with you and tell you more about who we are and what we do.

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