

## Imagining and preparing for 2030

The World Economic Forum has recently had its annual meeting in Davos, where the state of the world and the prospects for 2030 were discussed. PwC and others presented scenarios for plausible roadmaps towards 2030 and the Global Risk Report outlined the development of risks in the world.

Based on my humble experience, I hereby add some considerations for 2030 and the preparations we may need to do to make 2030 the best year the world has ever seen, and almost as good as 2031, etc. Nothing else can validly be the aspiration of a true leader anywhere in the world. However, one should be aware that the image of “best possible” is not the same in e.g. USA, Turkey and China.

There are three sections in this paper:

- Setting the scene with what we do know
- Creating scenarios for 2030
- Identifying and prioritizing the issues emerging from the scenarios

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### What do we know about 2030

Trends and developments already in motion give some insights as to the world of 2030. These do come with variances, but then – these variances may be a matter of one or two years earlier or later, rather than significant changes. In the VERY big picture:

- China will long have surpassed USA as the largest economy in the world – and experience the emerging issues of no longer being a fast-moving economy. This also means that volatility in China has a greater global impact than US volatility.
- The 3<sup>rd</sup> world, especially the African economy will be growing fast, but will still be rather small and inadequate to support the population on its own. However, the need for jobs is much bigger than the need for direct aid.
- The American economy will begin to experience very small growth rates as the population increase slows down and the population stagnates.
- The European economy will be stagnant and the population will be declining, with the possible, but relatively limited, exception of the effect of immigration.
- USA, Europe and Japan for that matter will need to address GDP/capita as metric rather than GDP in absolute value.
- The population of the world will be some 9 billion, but this is due to a demographic shift as the number of babies in the world has (already) stopped growing.
- The population is generally ageing. Children of the industrialised world can now expect to exceed 100 years of age. The share of people aged 70+ is higher than ever before, and many of these go to work every day, everywhere.
- The population of Africa and other 3<sup>rd</sup> world countries will continue to grow significantly, whereas other regions slow down or even decline.

- Urbanisation will continue to draw more and more people to live in ever larger cities. In some areas like Japan, East Coast China, USA, and Europe the trend will be slower than in developing areas – but it will be there.
- Energy consumption of the world will be higher than ever before, although growth rates are beginning to slow down compared to the growth of the economy.
- CO<sub>2</sub> emission will at best begin to stall and may for some regions show a slow decline, at worst continue to grow as fast or faster than the economy.
- Climate change is upon us, and is seen in terms of extreme weather situations all over the world.
- Technology will develop and affect the lives of people and the way things are being done in ways we cannot yet imagine. 2030 is 12 years ahead, and the past 12 years have brought the smartphone, Airbnb, Uber, Bitcoin, drones, Facebook and a lot of other things which have affected our lives and how we do things. There are no signs the speed of development will slow down – so whatever you may imagine – it will probably be more than that.

That said, be mindful of the words of Mark Twain: *“It’s not what you don’t know that kills you, it’s what you know for sure that ain’t true.”*. In fact, I do expect some of the above to turn out differently, I just have no clue as to which it will be.

Furthermore, significant global change may happen in an instant. The past 12 years brought on the financial crisis as well as the European migration crisis to name just two. Multiple global events will happen over the coming 12 years.

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## Scenarios for 2030

In the below, I will use scenario thinking to explore four plausible futures and based on these, pinpoint a range of issues to address on the world’s path to 2030. The process is to define two uncertainty drivers, and from these make a 2x2 set of scenarios, which I will describe.

As the first driver, I look at the parameter of “power”. Who will decide in the world – the few or the masses.

<b>Power of the few</b>	<b>Power</b>	<b>Power of the masses</b>
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**Power of the few** means that policy and development decisions largely are made by politicians and/or the executives of large corporations. The world will see the heads of ever larger entities, meet, discuss and decide how to proceed in the world. The World Economic Forum, United Nations, World Trade Organisation, ASEAN, G70 and others are examples of such a world.

Here, artificial intelligence, surveillance systems, big data and other technologies included some that are not yet invented, will be used to sustain the power of the few, who have no intention of sharing power with the masses.

**Power of the masses** means that social networks and supporting technologies enable people to drive issues forward and promote some developments and hamper/stop other developments. Individuals “vote” if by no other means, then with their wallets only buying products and services from companies they respect. The 99% movement and numerous Facebook groups as well as the Arab Spring movement are examples of such a trend.

Here, technology increases transparency and actionability, whereby political and corporate decisions are directly or indirectly (but promptly) subject to mass approval, or doomed to fail in implementation.

I believe both of these directions are plausible. I do not put the same likelihood to them, but that is less relevant.

As the second parameter, which I believe is independent of the above, I have the element of value. What do human beings value in the world.

<b>Money is value</b>	<b>Value</b>	<b>Time is value</b>
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**Money is value** means that decisions made and actions taken are driven by the desire to create or sustain financial wealth. Having enough money is seen as a prerequisite for freedom and happiness, and people will work hard and long hours to create more wealth in their pursuit of happiness.

The negative side of this is, that greed becomes a driver of actions for many, who unless regulated, will sacrifice emphatical and ethical norms to generate more wealth. On the positive side, it drives entrepreneurship if/when there is a financial prospect in sight.

**Time is value** means that an ever-larger, and decisive share of the population will look beyond money and find that time is the “key”. Having free time is seen as the prerequisite for happiness, and people will make do with the reasonable financial conditions they have to enable more freedom.

On the negative side, this may lead to a severe decrease in productivity, especially as the most productive people are likely to be the first to deliberately “slow down”. On the positive side, it will hamper the greed and open for a more even distribution of wealth as one cannot have more than 168 hours of free time in a week (whereas fiscal wealth is technically unlimited).

As for the power uncertainty, I believe both of these are plausible – but not equally likely. I also believe, that one parameter can change independently of the other.

Combining the two sets of uncertainties, we get four plausible, yet systematically different scenarios A through D.

Please be aware, that as an offset, no one scenario is inherently better or easier than any other. As stated by former Liberian President and Nobel Peace Prize winner Ellen Johnson Sirleaf *“If your dreams don’t scare you, they are not big enough”*.

<b>A</b>	<b>Money is value</b>	<b>B</b>
<b>Power of the few</b>		<b>Power of the masses</b>
<b>C</b>	<b>Time is value</b>	<b>D</b>

Something similar can be said about each of these scenarios. They may be defined as not very different from what we know, and “comfortable” to some extent. If so, they are not taken to their needed extremes. Just look at how different things are today as compared to 12 years ago, i.e. 2006 before the financial crisis, and where most everyone seemed to believe the world was “on a roll”.

The scenarios are described by a few key characteristics and “named”. Note that this description is nowhere near exhaustive.

<b>A – The battle of the rich</b>		<b>The gold rush – B</b>
<ul style="list-style-type: none"> <li>• Big companies totally set the agenda based on what serves their shareholders the best</li> <li>• Massive mergers between large corporations, and acquisition of good medium sized companies</li> <li>• The masses are kept in place through tight corporate and political control</li> <li>• Greed and envy are driving forces</li> <li>• Global corporations will have more power than most governments</li> <li>• Social unrest from the “have nots” is being contained forcefully</li> <li>• Corporate innovation is high. It is a fierce battle among companies, based on “what can be sold and generate added profit”</li> </ul>	<b>Money is value</b>	<ul style="list-style-type: none"> <li>• Individuals takes active stands on what they accept and do not ... and “vote” through their actions and wallets</li> <li>• Super organized and effective social media network groups set the political agenda everywhere</li> <li>• Companies and governments are forced to comply with what is acceptable for the crowds</li> <li>• Becoming rich by real value creation is acceptable – wealth from exploiting is surely not</li> <li>• Companies and governments are fully transparent. No-one can “hide” from the media</li> <li>• Innovation is consumer co-creation and based on what serves the public</li> </ul>
<b>Power of the few</b>		<b>Power of the masses</b>
<ul style="list-style-type: none"> <li>• Companies merge to grow stronger and enable growth with fewer resources</li> <li>• Time off is launched/earned as a benefit in line with medical care, company cars, etc.</li> <li>• Working part time (and potentially freelance) is the approach of many or even most workers, especially as blue-collar work has already been fully automated</li> <li>• Being (super) rich is not an aspiration of people, and those who are, are not idolised/envied</li> <li>• Work schedules change to 4- and even 3-day work weeks ... and working hours become an issue of choice for the individual</li> </ul>	<b>Time is value</b>	<ul style="list-style-type: none"> <li>• Long working hours are seen as negative – and workers insist on short and individually flexible schedules</li> <li>• Legislation is enforced to ban demand for long hours and overtime is a “four-letter-word”</li> <li>• Innovation is slow(er) and based on consumer co-creation focused on convenience</li> <li>• Time for and activities with family and friends are in the highest regard</li> <li>• The fiscal wealth of the world gets increasingly evenly spread, but also shows a more marginal growth</li> </ul>
<b>C – The time benefit</b>		<b>The time demand – D</b>

## Issues to address

The optimal list of issues to address will depend very much on what organisation one may be leading and wishing to devise issues from. Something similar can be said about the scenarios, which I chose to be generic.

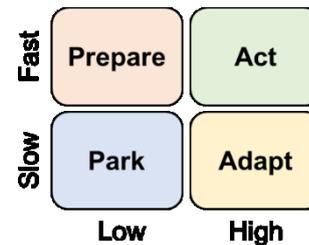
Given the timeframe, any one issue can be an opportunity we may wish to pursue. If we do not, it may be a risk we opt to mitigate, and if that materializes and we haven't done anything – it may be a problem that affects our performance.

Hence, addressing these issues means both to define these as potential risks or opportunities, and also to prioritize and define how to address these. We have little or no data and as humans, we are biased. Hence, we need a very simple (2x2) scaling as more granularity is probably unfounded. The prioritization is not based on impact or importance, as all identified issues are inherently of high importance, and we cannot now state anything else. The parameters are likelihood and speed.

**Likelihood ...** This is a simple choice of “do we believe or expect that this issue will materialize by 2030, or do we not believe it will (but recognizes it may). So low and high likelihood.

**Speed ...** This is slightly more complicated. Slow speed means that if the issue materializes, we presume we will have the capability to address this as/when it happens – even unprepared. Fast speed means that if the issue materializes, we cannot handle this unless we are fully prepared for this (ready made plans, early warning indicators and the like).

Making this in a 2x2 matrix enables us to define a generic strategic response/action on the issue – a response, which will then be defined specifically for each issue. The priority approach is known as a PAPA (Prepare, Act, Park, Adapt) model as the one shown here.



**Park ...** Issues which are not expected to materialize, and if they do – we are able to accommodate these effectively as they evolve, are parked. This means that no actions are needed at present. An example of this could be complying to EU legislation (which is invariably slow).

**Adapt ...** Adapt issues are expected to happen, and hence some actions must be taken to accommodate and benefit from these. Yet, these are gradual developments as materialization is slow. Hence, it is all about defining how to monitor whatever trends and be aware how to meet this. An example of this could be changed demographics with whatever impact that will have on the organisation.

**Prepare ...** These issues are not expected to materialize, but if they do, the organisation will be unable to meet these if not prepared. This is where the strategic risks and opportunities are. Here, the organisation will benefit from thinking the materialization through and describe the potential consequences, and plan (but not necessarily execute) how to handle this. This is close to strategic risk management in its approach, and some/most issues will already have been seen by companies doing systematic strategic risk management.

If the issue is negative, the company may take actions to reduce the likelihood, and if positive, may wish to enhance the likelihood of it. An example could be a new technology that totally eradicates the value of your core product (think first digitalization vs. VHS machines and then streaming vs. DVD machines).

Act ... These issues are expected to happen within the timeframe between now and 2030. Furthermore, they are expected to have effects so fast, that if we do not start acting on these now, we will probably be losing value due to these issues. Here, the organisation needs to plan and execute and know do we pursue this or is it a risk? Then, who does what by when and how do we monitor this? An example could be the impact of shared economy where every user does not have to own/buy the product to benefit from it.

I have run dozens of such scenario sessions and found that normally, the leadership team will come up with about a handful of issues in each of the four quadrants, probably fewest “park” issues, and a reasonably even spread among the others. Needless to say, the leaders who have just identified a handful of “act” issues – plus some “prepare” and “adapt” issues, they haven’t thought about previously, see the session as highly valuable.

Prepare	Act
<ul style="list-style-type: none"> <li>• Directly competing or disruptive technologies</li> <li>• Political turmoil/unrest driven by e.g. populism and/or protectionism</li> <li>• Shared economy and hence a whole new business logic applied to our core product or service</li> <li>• Social media driven legislation permeates the political world</li> </ul>	<ul style="list-style-type: none"> <li>• New financial bubble burst (more than once over the 12-year period)</li> <li>• Changes in human competencies needed as a result of job loss to automation/digitalization</li> <li>• New climate conditions with massive volatility and extreme weather everywhere</li> </ul>
<ul style="list-style-type: none"> <li>• Dramatic changes in African or 3<sup>rd</sup> world economic development (may be upwards or downwards)</li> <li>• Severe set-back in European or American economy</li> <li>• Merge/alignment of overarching political systems across the globe</li> </ul>	<ul style="list-style-type: none"> <li>• Demographic changes – both ageing and urbanization as well as regional</li> <li>• Change of power balance between east and west</li> <li>• Handling having three generations at the same workplace – with very different expectations and demands</li> <li>• Adjusted legislation</li> <li>• Public demand for demonstrated and high standards on ethics and social responsibility ... beyond compliance</li> </ul>
Park	Adapt

As stated, these are merely generic examples. For any organisation, be it a for-profit industrial company, a university, a government or a health service, whatever – can define its own driving uncertainties, scenarios and prioritized issue lists.

I have some experience doing this as a workshop, which takes 4 hours to do. These are four hours of fun, hard work and strategic thinking in combination. The above scenarios and issues are generated out of the insights of one person – just imagine what may be the outcome of five or more top executives' discussion about the world from their joint perspective – and focusing on ensuring the sustainability and perspectives for their organisation.

Looking at my example issues ... do I believe leaders of the world have to address the "act" issues listed ... certainly. If they do not, I believe they will be "sleeping in class" and miss massive opportunities as well as run significant risks.

Then again – are any of these big surprises to you – probably not. In my experience that does not, however, mean that you and your organisation are already addressing these with explicit actions. Why not? (if you are systematically addressing all of them and more, please accept my apologies).

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### **Closing comments**

There is plenty of evidence that shows that the future is not defined by extrapolating the past – and hence, to prepare for the future, one must be ready to address changes in the world. When defining a strategy to meet some strategic aspiration, there are always implicit and/or explicit assumptions about the future in which the strategy is assumed to be effective.

This scenario workshop is designed to explicitly address the consequences of these assumptions being wrong, and the world starts changing in a different way, than what was expected.

That is prudent strategic planning as well as intelligent risk taking.

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**AKTUS**