



Musings on 5 Key Trends and Their Implications for You and Your Firm

Copenhagen Discovery Event, Jan 12, 2012

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Goals for the coming hour

- Discuss and share:
 - What are the 5 most important trends facing your firms?
 - What are the implications for your firms
- Briefly introduce you to my pet program—One Planet Leaders—and discuss how it relates to these trends and implications for firms.

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This is a Discovery Event– Let's discover!

- This cake is not yet cooked!
- I've got most of the ingredients...I think
 - Interviews
 - Strategic challenges, issues, priorities for firms
 - Raw hard data
 - Qualitative data
- I'll value your insights and additions.

Let's start with three discussion questions

Most important trends for our firms and their implications

Commonalities here and in comparison to a broader set of respondents

Question 1: Competition

Over the last ten years, has *competition* in your industry *increased* or *decreased* or *remained the same*? *Why*?

What are the *KSFs* in the new context and what are the *key competencies* required to succeed?

On a scale from 1-10, how would you *rate* your firm on addressing these KSFs? Where are your firm's *biggest challenges or gaps*?

Broader data set suggests...

Trend: Competition is heating up

Why:

- Decreasing demand
- Global competition
- Greater ICT diminishes size and duration of rents



- **KSF:** Continual innovation in:
 - Products
 - Processes
 - Business models



Competencies and necessary conditions:

- Dynamic capabilities
- Employee engagement
- Ownership structure?

Overall Self-Assessment:

Moderate innovation; poor at change, frightened but not inherently engaged employees

Question 2: Regulation

In the next five years would you expect greater or lesser impact from regulation in your industry? In what issue areas will you see change?

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On a scale from 1-10, how would you *rate* your firm on addressing these KSFs? Where are your firm's *biggest challenges or gaps*?

Broader data set suggests...

Trend: Increasing Regulation

Issue Areas:

- Environmental
 - Resources
 - Pollution



KSF:

- Regulatory insight
- Effective political activity



Competencies and necessary conditions:

- Understanding and engagement in the nonmarket, regulatory environment

Overall Self-Assessment: “We do very little and we’re not good at it.” “Little expertise in the line” “Relegated to weaker staff offices”

Question 3: Stakeholders

What are the *trends* you are seeing in terms of *stakeholders*, their *dynamics* and *influence*? *What is behind these trends*?

What are the *KSFs* in the new context and what are the *key competencies* required to succeed?

On a scale from 1-10, how would you *rate* your firm on addressing these KSFs? Where are your firm's *biggest challenges or gaps*?

Broader data set suggests...

Trend: More more powerful nonmarket stakeholders

Increasingly important players:

- NGOs
- Media
- Government



KSF:

- Attending to conflicting stakeholder demands effectively
- Clear and consistent positioning
- More enviro practices



Competencies and necessary conditions:

- More sophisticated stakeholder mapping
- Diplomacy

Overall Self-Assessment: We're much better than we were five or ten years ago.

Broader data set suggests...Trend 4: Emerging Market Trends

Trend: Emerging Markets Opportunities and Challenges

- BoP
- Institutional gaps
- Evolving industries



KSF:

- New value-chain-wide business models
- Partnering across sectors
- Managing different business models in different countries



Competencies and necessary conditions:

- Partnering competence
 - Across value chain
 - Across sectors
- Organizational design flexibility

Overall Self-Assessment: Weak at seeing and creating new value chains; Continuing struggle—though with some improvement—on managing different business models

Broader data set suggests...Trend 5: Resources

Trend:

- Higher and more volatile prices
- Less secure access
- Greater basis of competition



KSF:

- Optimized value chain and partnering;
- Reduced material usage,
- Industrial ecology



Competencies and necessary conditions:

- Tighter integration with suppliers and buyers
- Identification of new models
Leveraging industrial ecology

Overall Self-Assessment: “We’re getting better on risk abatement; opportunity capture is insufficient and ad-hoc”

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What we've seen suggests that in the future, strong leaders will:

- Understand and operate well in a wider range of contexts:
 - Across the value chain
 - Across sectors
 - In the regulatory sphere
 - Longer-term

- Strong in merging market and nonmarket strategies

- Will identify and realize business opportunities coming from resource constraints and institutional gaps.

Thus the Creation of the One Planet Leaders Program



Co-designed and co-delivered by IMD and WWF

The mission of the program: To help develop the world's best change agents in sustainability

Design philosophy

- Two focal areas:
 - Understanding sustainability issues and opportunities
 - Being a world-class change-agent and leader in sustainability
- Ambassador approach—Home team as target
- Live-case; immediate business impact
- Highly experiential
- Bring in the world's best experts as speakers

Sample of speakers from program starting March 26

Gavin Neath - Senior Vice President of Sustainability,
Unilever

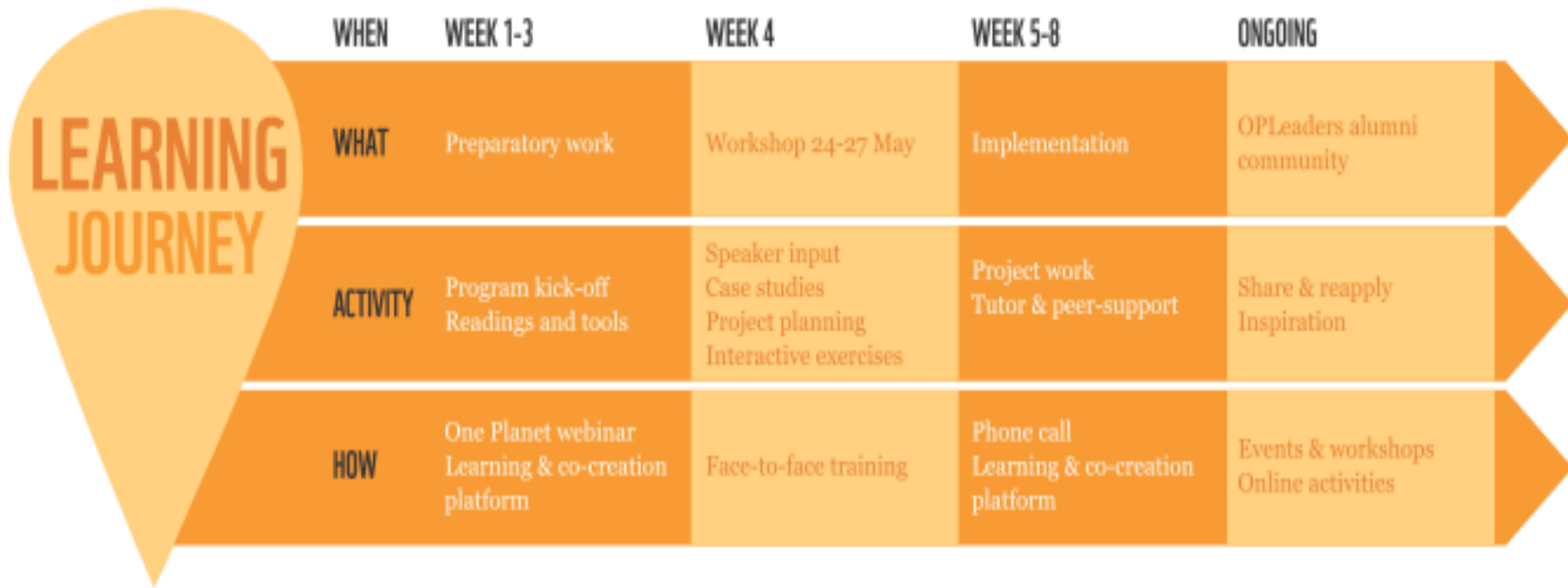
Geoff Mead - Director, Centre for Narrative Leadership

Pr. Michael Braungart - Founder of Cradle to Cradle
Design

Chris Cook - Global Sustainability Director Decorative
Paints, Akzo Nobel

...As well as IMDs professors and WWFs sustainability
experts

How it works



Next run: March 26



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