What’s Next?

Navigating OUT of the Badlands!

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The future is already here, It’s just not evenly distributed.
Who’s Doing Your Future NOW!
The Badlands: Transition Zone Between Eras

Historical cycle of disruptive innovation – 75 years long

New Technologies

Economic Shifts

Social Innovations

New Identity

You Are Here

Great Industrial Plains

BADLANDS

Foothills of the Future

1950

2000

2025
Social Systems Fragment & Fail

Health Care

Education

Criminal Justice

Government At all Levels

Government Contract w/Citizens

Trust in Business

Social Bargain for Work

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Lesson from Disruptive Innovation Cycles

Social Ferment Drives Commercial Innovation.
So What’s Transformed - How We:

- Produce
- Consume
- Trade
- Manage our health
- Communicate
- Find love
- Live
- Make war
- Die
“Talent hits a target no one else can hit ... Genius hits a target that no one else can see.”

Arthur Schopenhauer
United States Economy on the Mend
From Anemic to ‘Regular’ Economy

Drivers
- Fed monetary policies
- Low interest rates-normalizing
- Inflation 2%
- Exports - EE growth needs
- Business investment
- Private sector hiring
- Consumer spending
- Housing

2013-2018 U.S. Economic Growth

Anchors & Brakes
- Politics
- Federal debt
- Weak European Economy
- Wage gaps
- Emerging market volatility
- Underemployment
- Weather

Cyclical recession likely late 2018/2019
Interest Rate Normalization in 2015

Source: UCLA Anderson Forecast, OCT 2013
Inflation Spiral Has Not Taken Hold

Source: UCLA Anderson Forecast, OCT 2013

(Percent Change Year-Ago)

Source: UCLA Anderson Forecast, OCT 2013
U.S. Foresight 2015

- U.S to grow around 2.5 to 3%
- Self sustaining expansion
- Firing on all cylinders
- Unemployment rate 5.6%
- Slow gain in wages—most at the top—but some middle jobs
- Missing middle—only 27%
- Consumers remain cautious
- Slow housing recovery—1st time home buyers remain very low.
- Oil remains below $100-80
California Recovers....
Top State Economies in 2013

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis-2013

Gross State Product in $ Billions

- California: $2,145
- Texas: $1,508
- New York: $1,270
- Florida: $826
- Illinois: $736
- Pennsylvania: $634
- Ohio: $540
- New Jersey: $534
- North Carolina: $486
- Virginia: $468
Global Regional Rankings

- LA Basin -16th (South Korea and Indonesia) ($925B)
- Bay Area-20th (Switzerland and Sweden) ($594B)
- San Diego 47th (Czech Republic and Ukraine) ($179B)
- San Joaquin Valley 53rd (Vietnam and Hungary) ($132B)
- Sacramento 59th (Angola and Puerto Rico) ($102B)

CCSCE-2013
Bay Area Marketplace - Re-inventing Again
SF Bay...Best Regional Economy

- Large broad based economy — $595B
- Fast job growth >3%, high end jobs
- Highest per capita Income- $80K
- #1 in productivity (twice U.S.)
- 46% have Baccalaureate vs 28% U.S.

- Vibrant multi-cultural high end workforce.
- Global Innovation Hub
- Highest concentration of VCs, $$$ in U.S.
- Global Trade Leader
- Habit of re-invention — Serial diverse innovations
53% of Immigrants since 2007 are Asian

Asia has surpassed Latin America as the leading source of immigrants to California

Source: American Community Survey
Looks Like the Place to Be.....

- Bay Area Forecast Growth Rates

Source: UCLA Anderson Forecast, OCT 2013
Global Economy is Slowing Down
China Drives Forward!

Gross Domestic Product Comparisons 2013 (Real)

Source: World Bank: World Development Indicators, July 2, 2014
Note: China figures exclude Taiwan, and special administrative regions of Hong Kong and Macau.
European Union Verging on Triple Recession

- 38% chance of recession
- Germany-1.4%, France-0.02%
- Italy contracting
- The next Japan?
- Sovereign Debt Issues — Greece, Portugal, Spain, Italy
- Lack of sufficient integration-common currency but...
- Aging and lack of children — workers for the future
- ‘Rich’ social benefits — unsustainable social safety net
China - Continually Surprises
China Challenges

- Continuing soft fall-6% (5.5%-2016-2018)
- Needs to shift to a consumer economy....hard re-balancing
- Industrial overcapacity
- Higher labor costs
- Shift from focus on growth to jobs
- .... to more sustainable growth-environment
- Eradicate corruption
- Increasing productivity through technology
- Etc....
Japan

- Stagnant Growth < 1%
- High Public Debt
- Aging society
Latin America - Booms & Busts
Middle East - Persistent Instability
Rise of Emerging Markets

GDP % contribution shifts from advanced to Emerging economies.
The Forecast

Source: San Francisco Chronicle, Sunday January 2, 2011
Emerging Markets Move Ahead

GDP at PPP

2011

2025

Thousands

G20

E7

G7

US

EU

Source-PWC 2011

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20 Fast Growing Emerging Markets to Watch

(GDP Growth 2013-2017)

Source: Bloomberg 2013, Global Foresight
600 Cities Drive Global Growth to 2025

Developed-Market Cities
- 157 cites in the City 600
- Other large cities
- Small cities and rural areas

Emerging Market Cities
- 443 cities in the City 600
- Other large cities
- Small cities and rural areas

Cities %Contributions Global GDP and GDP Growth

Source: Global Insights; McKinsey 2012
By 2025 Urbanization will Create...

“One Billion New Middle Class Consumers”

- 90% will be in emerging markets—most in Asia.
How will 1 Billion new consumers change the global economic and consumer landscape?
Most Future Innovations Will Come From Emerging Markets

Scan Around The World

Scout Fast Growing Midsize Cities

Steer Toward Your Best Targets
Global Macro-Economic Takeaways 2015
Still Recovering

- U.S./U.K. to grow around 3%
- Asia Pacific leads Global GDP growth-3.6%
- Europe/Japan teeter on recession-stagflation
- Latin America flat-1.7%
- Increase in downside risks-stagnation
- Increased risk appetite in financial markets-shadow banking
- Subdued consumption
- Geopolitical turmoil-Middle East, Russia
The Great Collision

- Longevity meets
- Technological Disruption meets
- Rise of Emerging Markets
Four Laws of the Future
Law # 1

People overestimate driving forces in the short-term & Underestimate their long-term impacts.
Law # 2

If something is unsustainable in the long run...

It will end.
Law # 3

If something big is going to happen in the future...
It has to start sometime.
Pay Attention to Weak Signals
Recent Weak Signals

- LOL, BRB, OMG-Illiterate Net Speak?
- MakerBot-3D printing robot kit-($500)
- Marijuana as food
- Brain Fitness
- Personal memory chips for Alzheimer patients
- Feral Economic Zones
- Various climate changes...
- Air scrubbing trees
- China files more patents than Japan
- Self driving auto
- B.I.G=Basic Income Guarantee
- Rise of one person households
Law # 3

Beware of Conventional Wisdom
For it is Nearly Always Wrong!
Conventional Wisdom

- Confucian cultures can’t innovate, only imitate.
- Too big to fail!
- Jobs always come back after a recession.
- Women are not genetically as good at science and technology.
- Doctor Knows Best!
- Higher education guarantees a good job.
- United States is a safe haven for other countries money for the foreseeable future.
STRATEGIC IMPERATIVE

Turn sacred cows out to pasture!
Strategic Imperative

Don’t let the short term Cancel out the long term.
Drivers & Trends
Transforming the Future
Demographics are ‘King’ when they hit!
#1 - Healthy Longevity

Bio-genonotechnology Extends life.
World Population Aged 60 and Over 1950-2050

Escalating Longevity!

Population 65+ by Age: 1900 - 2050

Source: U.S. Bureau of the Census
Women Continue to Outlive Men

Centenarians in the United States
1995-2030

Second Middle Age
60-80
Big Shift at 60

When will I die? to Who will I become?
How Will Humans Adapt to 25 More Years of Life?
From places called home to communication zones and refueling stations.
Here’s the Story

• Marriage on decline
• Childbearing single women by choice
• Adoption increasing among single/non traditional families
• Same sex marriage
• Living alone together
• Women are choosing to be single after 50
• Rise of one person households
• Rise of new online anchor communities
How can we accelerate our adaptation to the increasing diversity of this basic social unit?
Generational Fault Lines At Work

**Boomers**
- 1945-1964
- 51-68 today
- Driven
- 1945-1964
- 51-68 today
- Driven

**Generation X**
- Raised by Wolves
- 1965-1980
- 35-50 today
- Minimalists
- 1965-1980
- 35-50 today
- Minimalists

**Millennials**
- Raised by Soccer Moms
- 1981-2000
- 20-34 today
- Determined
- 1981-2000
- 20-34 today
- Determined

**Generation Z**
- Rebels with A Cause
- 2001-2011
- 3-19 today
- Pragmatic
- 2001-2011
- 3-19 today
- Pragmatic

Big Shift
- 1980
- 2025
There is a population tsunami approaching

Approximate number of babies born in the world each day.

361,000

More than a quarter of America’s population belongs to Gen Z, and with each birth, the segment is growing.

Source: U.S. Census Bureau, 2012 (via Mintel 2014)
#3 - Rise of Generation Z

Rebels with A Cause
Growing up in a post 9/11 world during a recession

1 in 4
American children are living in poverty

73%
of Americans were personally affected by the Great Recession

Gen Z were developing their personalities and life skills in a socio-economic environment marked by chaos, uncertainty, volatility and complexity. Blockbusters like The Hunger Games and Divergent depict teens being slaughtered. No wonder Gen Z developed coping mechanisms and a certain resourcefulness.

Source: Rutgers 2013, Annie E. Casey Foundation 2013
Multiracial children is the fastest growing youth group in the US

Modern families come in all colors and sizes. Long-standing views of race have been challenged by culture: celebrities, artists, politicians and athletes of mixed heritage have changed discourse, along with trans-racial and international adoptions.

Source: Census: “The two or more races population: 2010 Census Brief”; American Academy of Child and Adolescent Psychiatry.
Gen Z have been raised in larger, extended households as retired grandparents have moved in and Millennial siblings (Boomerang Kids) have moved back home. As a result, they are sharers and have greater affinity and respect for the elderly. Gen Z share many of the same values as the Great Generation.

Source: Census: “The two or more races population: 2010 Census Brief”
They are eager to start working

55% of high school students feel pressured by their parents to gain early professional experience.

4 in 5 high school students believe they are more driven than their peers.

Parents of Gen Z encourage their children to find jobs early and independently without their help.

Source: Creative Artists Agency & Intern Sushi (2014) Millennial Branding & Internship.com surveyed 4,597 students (172 high school students and 4,425 college students); American Freshman Survey
72% of high school students want to start a business someday (compared to 64% of college students)

Entrepreneurship is in their DNA

61% of high school students want to be an entrepreneur rather than an employee (compared to 43% of college students)

Surrounded by DIY education and crowdsourcing, these teens dream of self employment. They feel pressured to gain professional experience at a very early age. Low wage entry level Gen Z jobs lead to competition with struggling Millennials, fueling competitiveness.

Don’t treat them like Millennials

Gen Z
- Tech Innate: 5 Screens
- Think in 4D
- Judiciously Share (GeoLoco Off)
- Active Volunteers
- Blended (race & gender)
- Togetherness
- Mature
- Communicate with Images
- Make Stuff
- Have Humility
- Future Focused
- Realists
- Want to Work for Success
- Collective Conscious

Millennials
- Tech Savvy: 2 Screens
- Think in 3D
- Radical Transparency: Share All
- Slacktivists
- Multi-cultural
- Tolerance
- Immature
- Communicate with Text
- Share Stuff
- Have Low Confidence
- Now Focused
- Optimists
- Want to be Discovered
- Team Orientation
How will Gen Y and Gen Z Re-Boot Our World?
Impacts & Challenges from Technology
"Siri, find me an app."

“3#-Technologies Disrupting Your Work Future”

- Robots
- On Demand Services
- Intelligent Electronic Agents
- Big Data
- 3D Displays for Smart Phones/Tablets
- Social Software
- Augmented Reality Apps
- Internet of Things

Source: Global Foresight
Coming Soon!

- Robot flash mobs
- Drought resistant crops
- Smart bandages
- Dissolving circuits
- Delivery drones
- Stress sensors
- Calorie counter sensors

Weak Signal
Technology doesn’t drive change. Human choices make change.
What is human?

What is our comparative advantage?
The Internet of Things

Waste Management
Environmental Sensing
Smart Meters
Smart Product Management
Smart Homes
Urban Planning
Continuous care
Smart Offices

Machine to Machine Communication

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How will we manage the profound security challenges in general ... And loss of control our lives?
Growing Irrelevance of Knowledge

Big Data & the Cloud

Local ➔ SHIFT ➔ The Cloud
Leverage Knowledge Creatively

Learning ➔ SHIFT ➔ Leverage Knowledge
Anything can look real...
How will we know what is truth?
Collaboration Escalation

Social and mobile infrastructure
How will we successfully manage multiple velcro relationships to continuously bring results?
Disaggregation of Work

- From jobs to tasks
- Rise of Smart Machines
- Critical new skills
### Disruptive Shifts in Work

<table>
<thead>
<tr>
<th>Employee ⇒ Entrepreneur</th>
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<tbody>
<tr>
<td>Career ladder ⇒ Experience portfolio</td>
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<tr>
<td>Permanent ⇒ Velcro relationships</td>
</tr>
<tr>
<td>Outsourcing ⇒ Crowdsourcing</td>
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<tr>
<td>Physical ⇒ Digital infrastructure;</td>
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<tr>
<td>Desktop ⇒ Device</td>
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<tr>
<td>Organizations ⇒ Social networks</td>
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<tr>
<td>Protecting knowledge ⇒ Sharing knowledge</td>
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<tr>
<td>Sharing knowledge ⇒ Creating context for persuasive conversations</td>
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The Shift Toward Extreme Individualization of Work

Mass Customization
Standardized approaches to employees

Extreme Individualization
Companies become clients of workers

Push Pull Push Pull

Individually Designed

Organizationally Designed

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End of Work
As We Know
It!
You Need the Right Skills to Play

- Read/write native language
- English language competency
- Understand math and science
- Computer literacy
- Facile with information
- Share/create knowledge
- Business basics
- Group work skills
- Cross cultural competency
Skills for the Future

- Social Intelligence
- Trans-Disciplinary
- Create Unique Critical Insights
- Design Architect
- Cognitive Load Management
- Engage Networks
- Cross-cultural Cross-Generational Empathy
- New Media Literacy
- Empathy
- Cognitive Load Management
Social Intelligence

- Switch contexts quickly... connecting deeply to others stimulating desired responses and conversations.

- Art of the Deep Bump
- Productive velcro relationships
- Collaborate with large dispersed diverse groups to innovate & execute
Trans-disciplinarity

- Capable of individually understanding, communicating and creating new ideas and solving problems across 2 or more disciplines.

- Combinatorial worker
- Bi-discipline fluency-new literacy
- Complex multifaceted problem solution models
Create Critical Unique Insights

- Ability to call higher thinking skills quickly into action specific to a critical decision that needs new fresh novel solutions in unique unexpected situations.
  - Sense making
  - Generative
  - Adaptive
Global Strategic Inflection Point

The Great Collision

- Longevity meets
- Technological Disruption meets
- Rise of Emerging Markets
What to do on Monday!

Five Key Steps
Trade Up!
Strategic Imperative

STABILITY JUNKIE

RISK AVOIDER
Beware of Insight Deficit
Black Hole of the Superficial Insight
Pay Attention to Weak Signals
1. Map the Intersection New Technologies & Your Business -5 & 10 Years
1. Deep Dive on the Social Trends that will Disrupt Your Business - Plot How & When

- Longevity
- Education-Jobs Gap
- Income inequality
- Education Gender Gap
- Healthcare shifts
3. Define Your Human Comparative Advantage
4. Assess Your Generational Readiness
5. Lead From the Top of Your Game

- Extinguish your bad leadership habits
- Create context for innovation
- Beware of Conventional Wisdom
- Optimize Staff for Innovation
- Hire a heretic
- Hire a Black Belt in Change Management
- Seed an epidemic of innovation
Parting Thoughts
The Future Won’t Resemble the Past!
Don’t Get Lost in Familiar Territory!
“Talent hits a target no one else can hit…
Genius hits a target that no one else can see.”

Arthur Schopenhauer
Never Mistake a Clear View for a Short Distance
Get to the Future Fast and First

Mary O’Hara-Devereaux

Finding Targets No One Else Can See