



# What's Next?

## Navigating OUT of the Badlands!

January 22, 2015

Mary O'Hara-Devereaux, Ph.D,  
President, Global Foresight







*The future is already here,  
It's just not evenly distributed.*





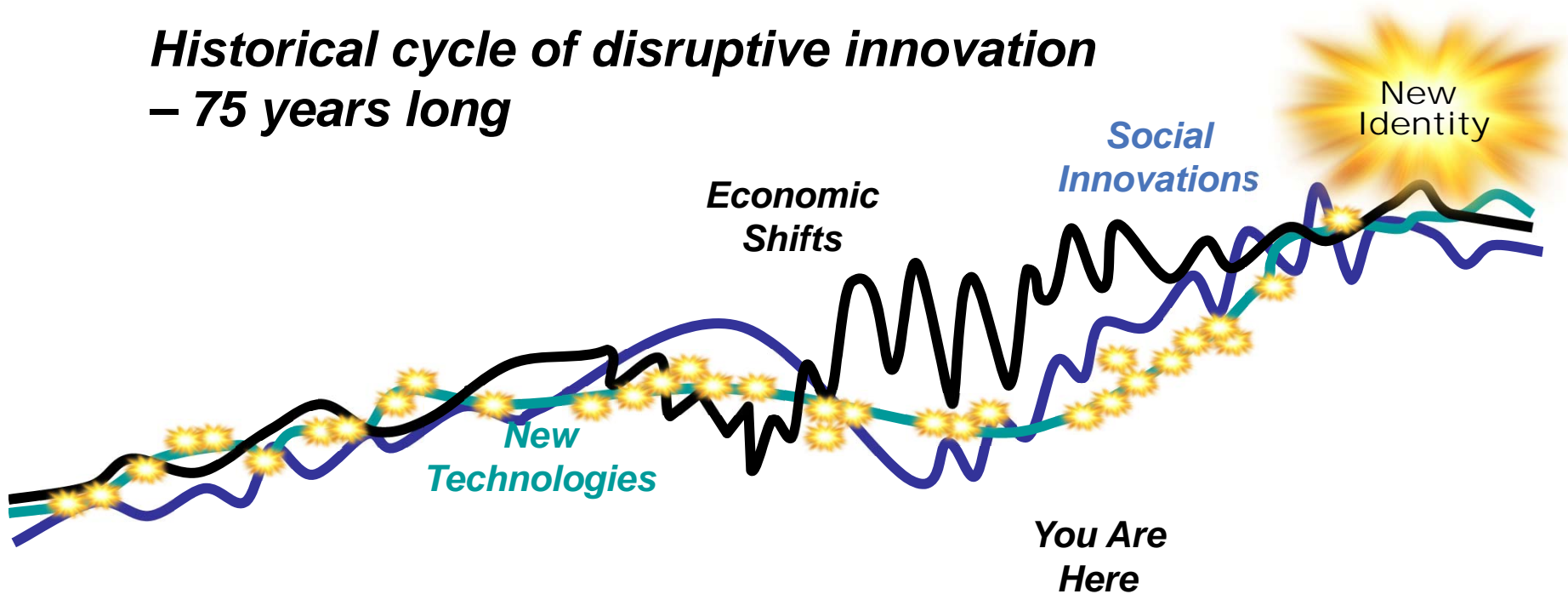
# **Who's Doing Your Future NOW!**





# The Badlands: Transition Zone Between Eras

***Historical cycle of disruptive innovation  
– 75 years long***





# Social Systems Fragment & Fail

UPDATE



Health  
Care



Education



Criminal  
Justice



Government  
At all Levels



Government  
Contract  
w/Citizens



Trust  
in  
Business



Social  
Bargain  
for Work





# Lesson from Disruptive Innovation Cycles

Social Ferment Drives  
Commercial Innovation.





# So What's Transformed - How We:







# GAME ON!

*“Talent hits a target no one else can hit ...  
Genius hits a target that no one else can see.”*

*Arthur Schopenhauer*







# U.S. & Global Economy What's Next!





# *United States Economy on the Mend*



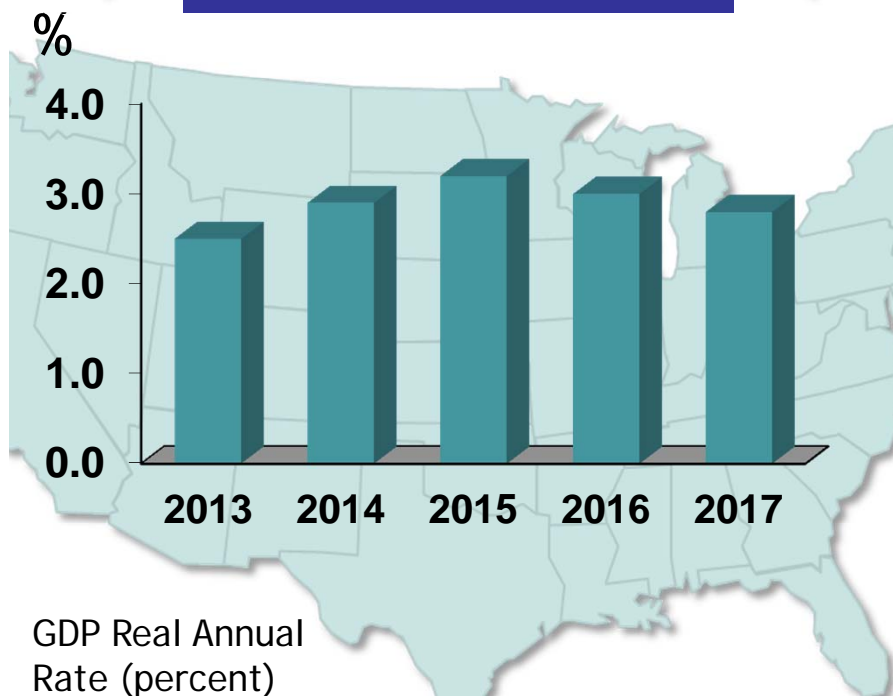


# From Anemic to 'Regular' Economy

## 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



**Cyclical recession likely late 2018/2019**

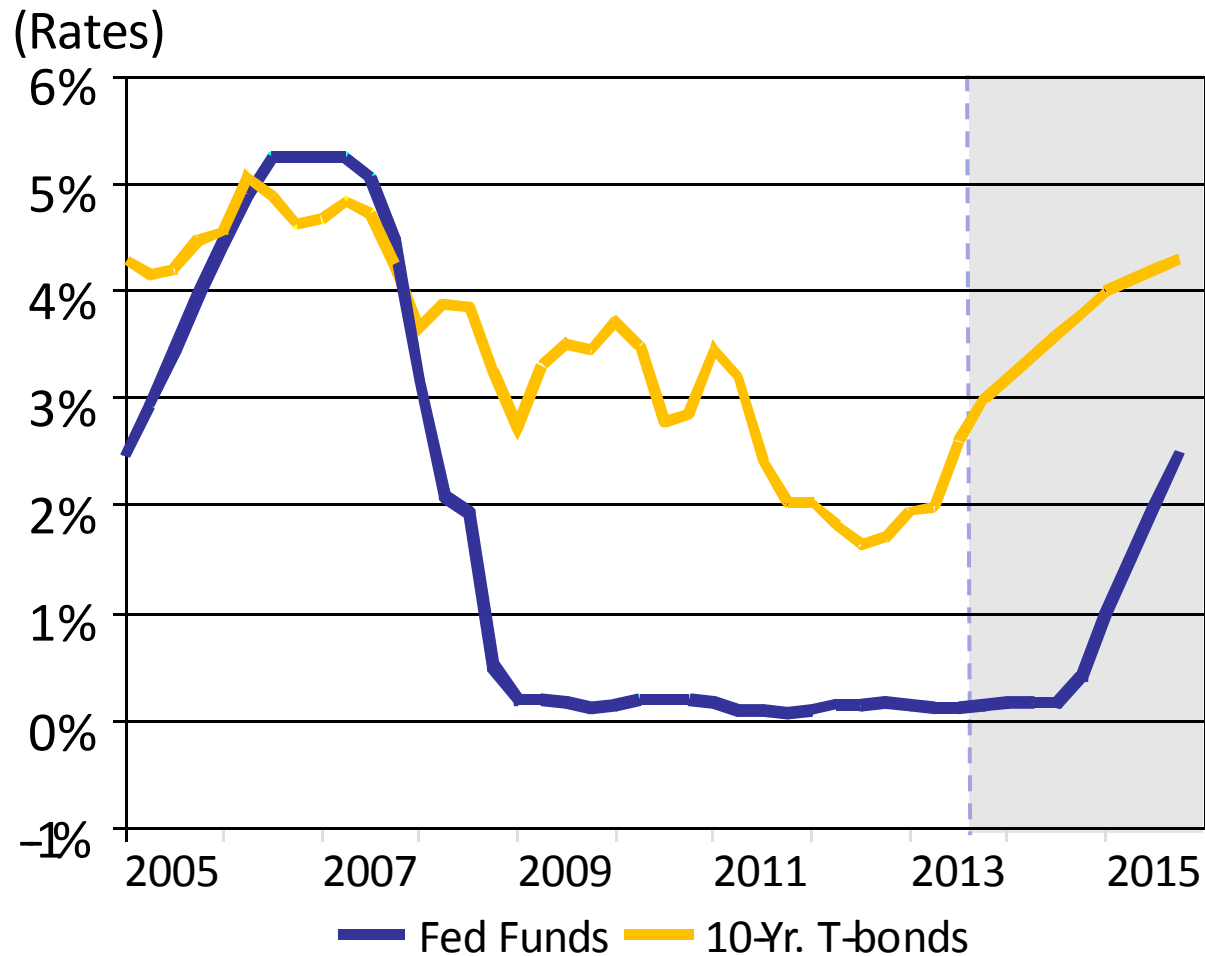
## Anchors & Brakes

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





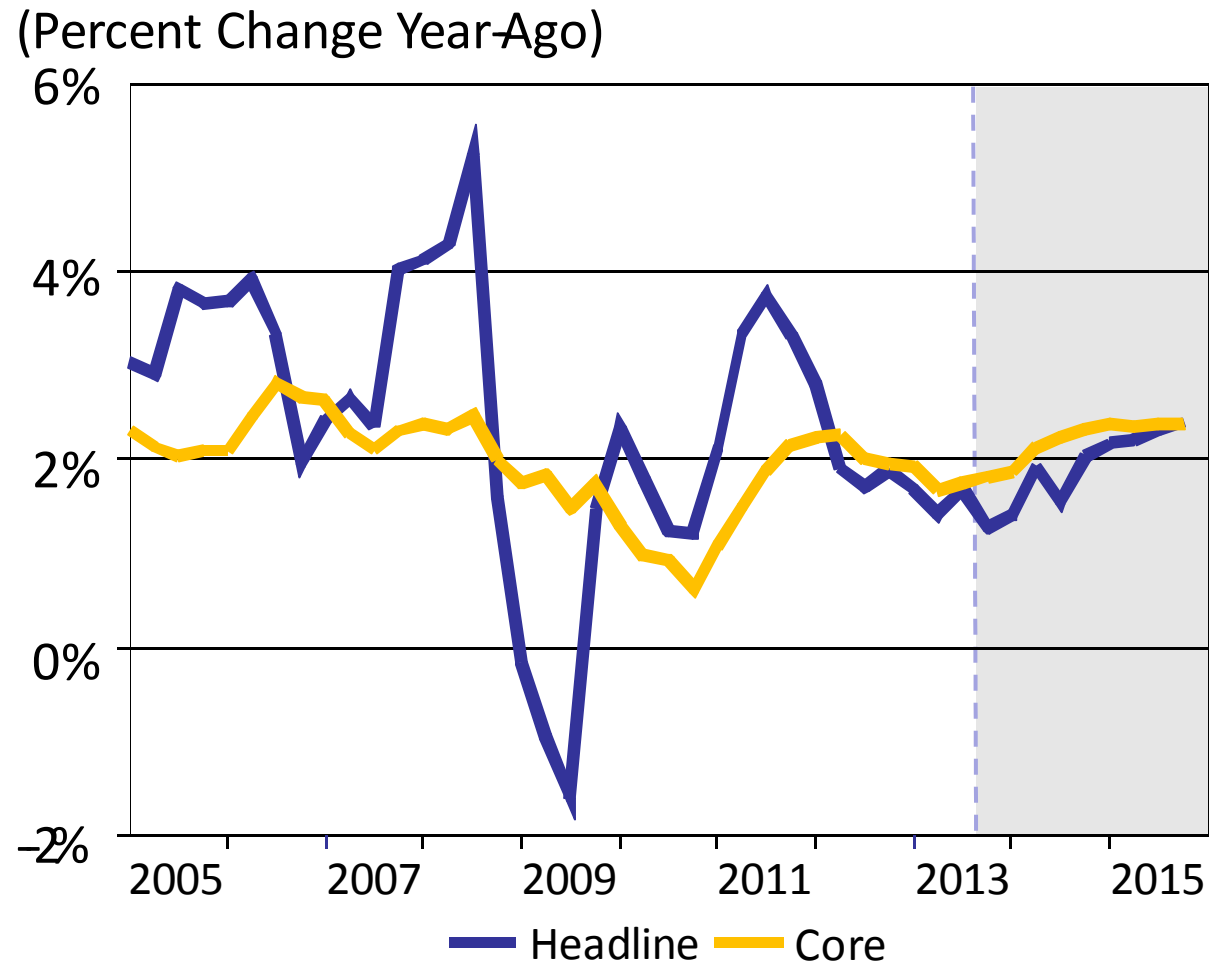
# Interest Rate Normalization in 2015



Source: UCLA Anderson Forecast, OCT 2013



# Inflation Spiral Has Not Taken Hold



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-1<sup>st</sup> time home buyers remain very low.
- Oil remains below \$100-80





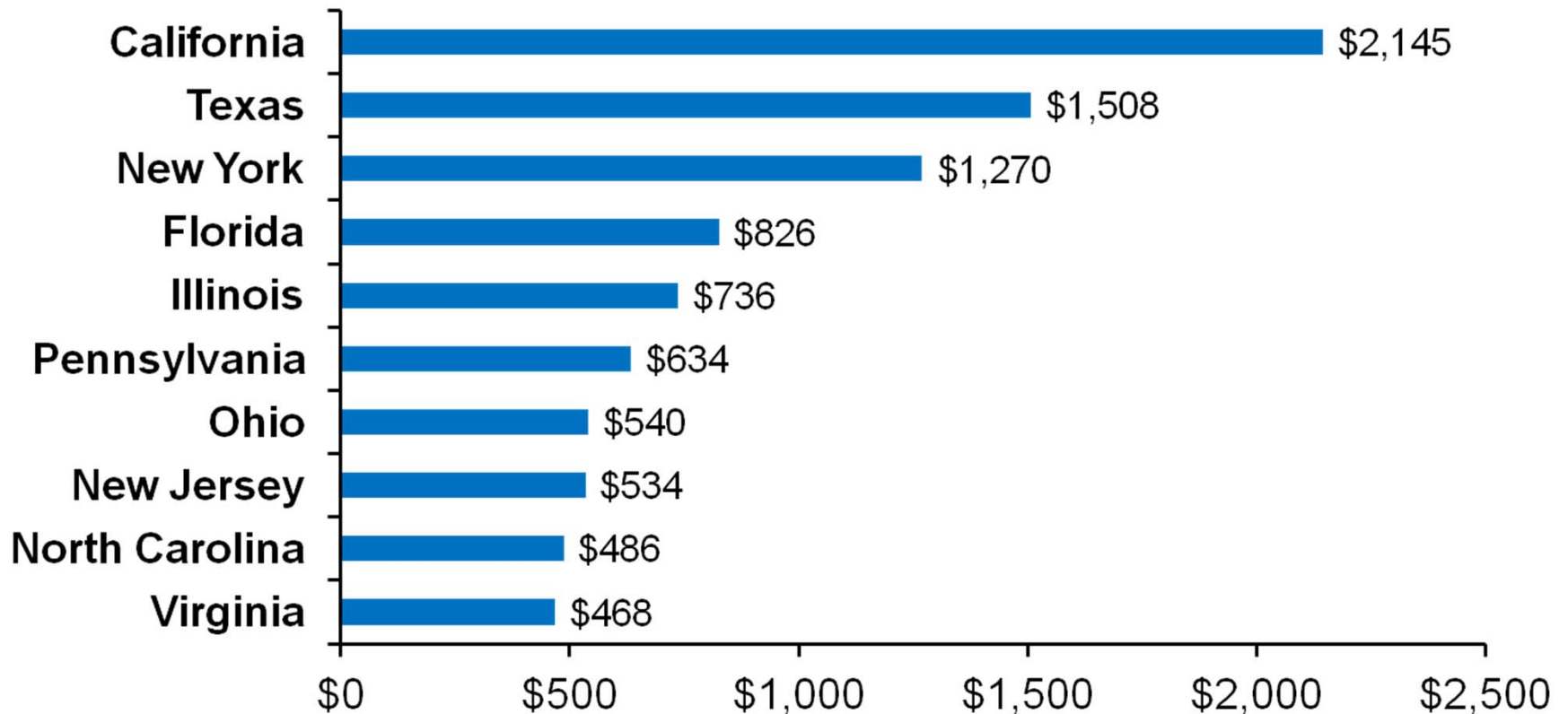
# *California Recovers....*







# Top State Economies in 2013



## Gross State Product in \$ Billions

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





# Global Regional Rankings

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

CCSCE-2013







# Bay Area Marketplace - Re-inventing Again







# SF Bay...Best Regional Economy

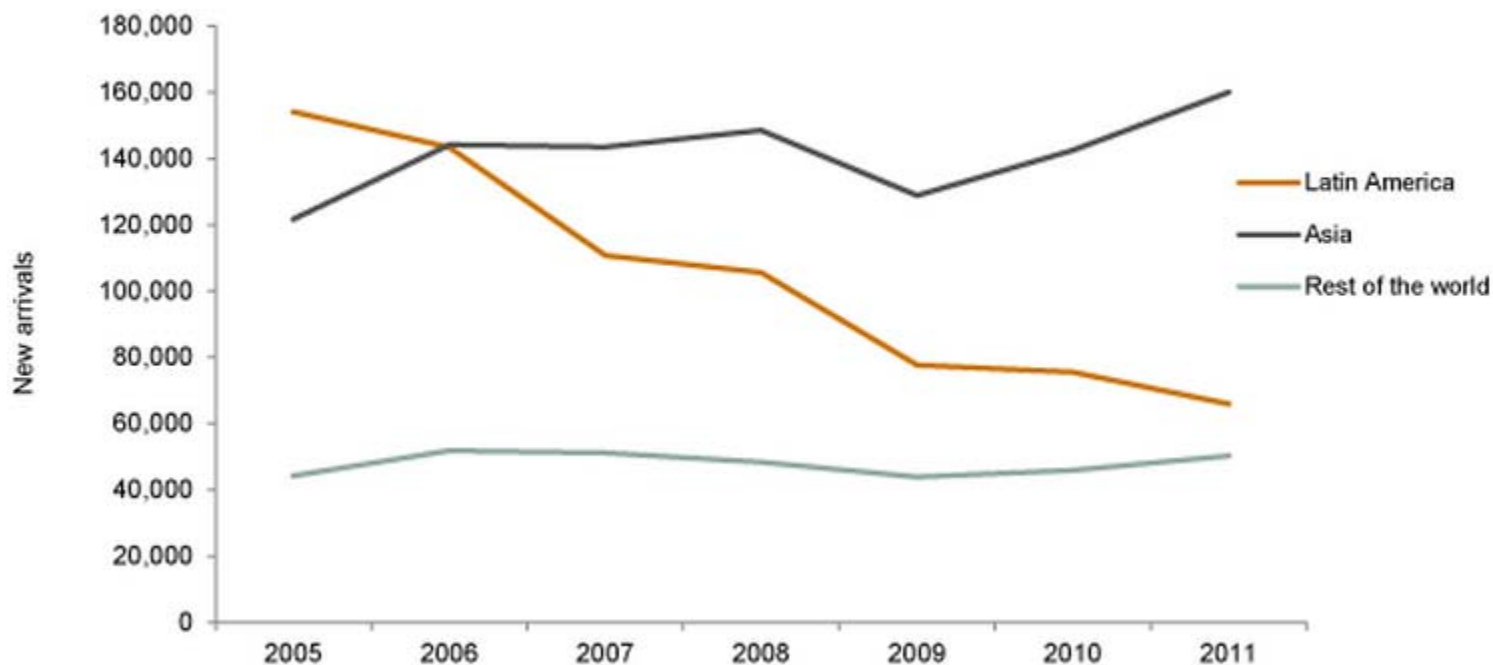
- Large broad based economy — \$595B
- Fast job growth >3%, high end jobs
- Highest per capita Income—\$80K
- #1 in productivity (twice U.S.)
- 46% have Baccalaureate vs 28% U.S.

- 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

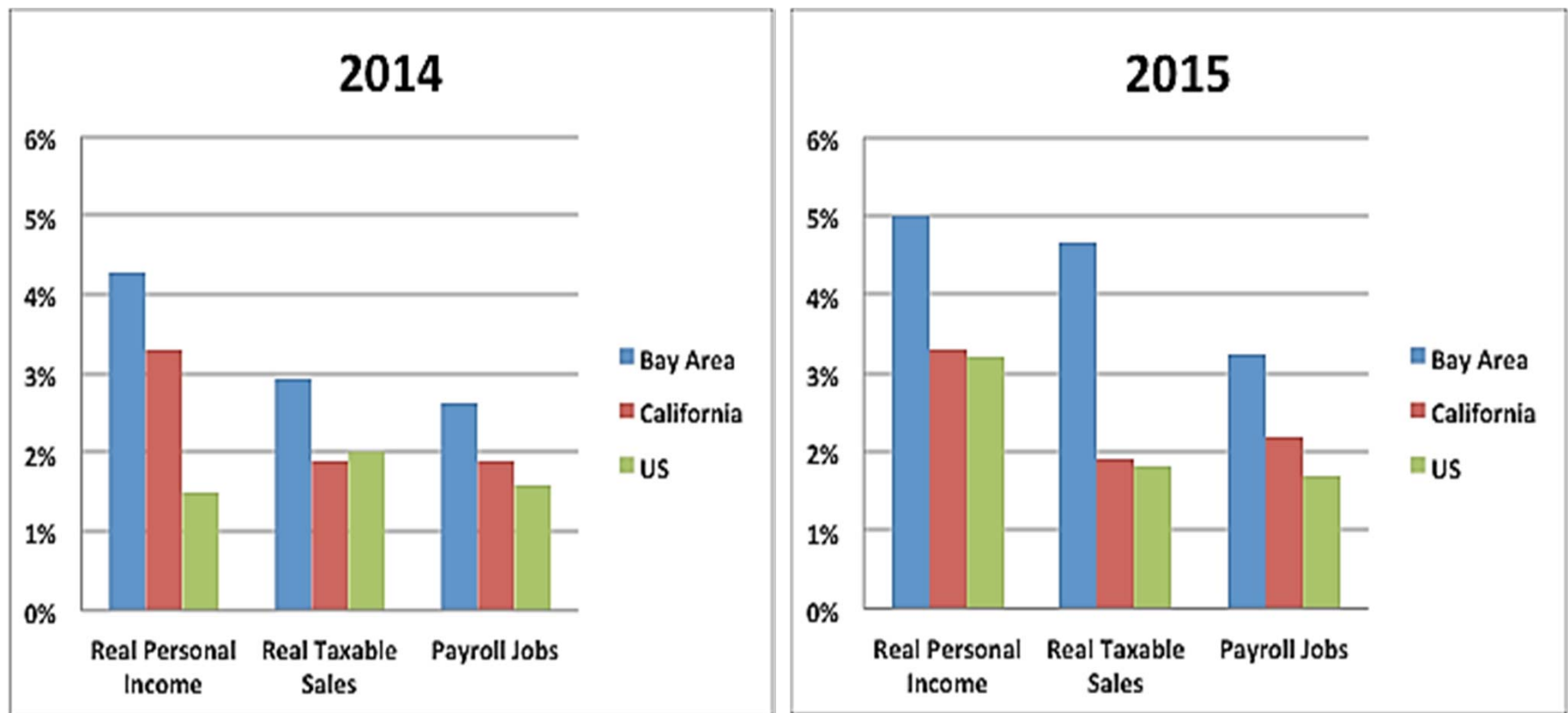


Source: American Community Survey



# Looks Like the Place to Be....

## ■ Bay Area Forecast Growth Rates



Source: UCLA Anderson Forecast, OCT 2013



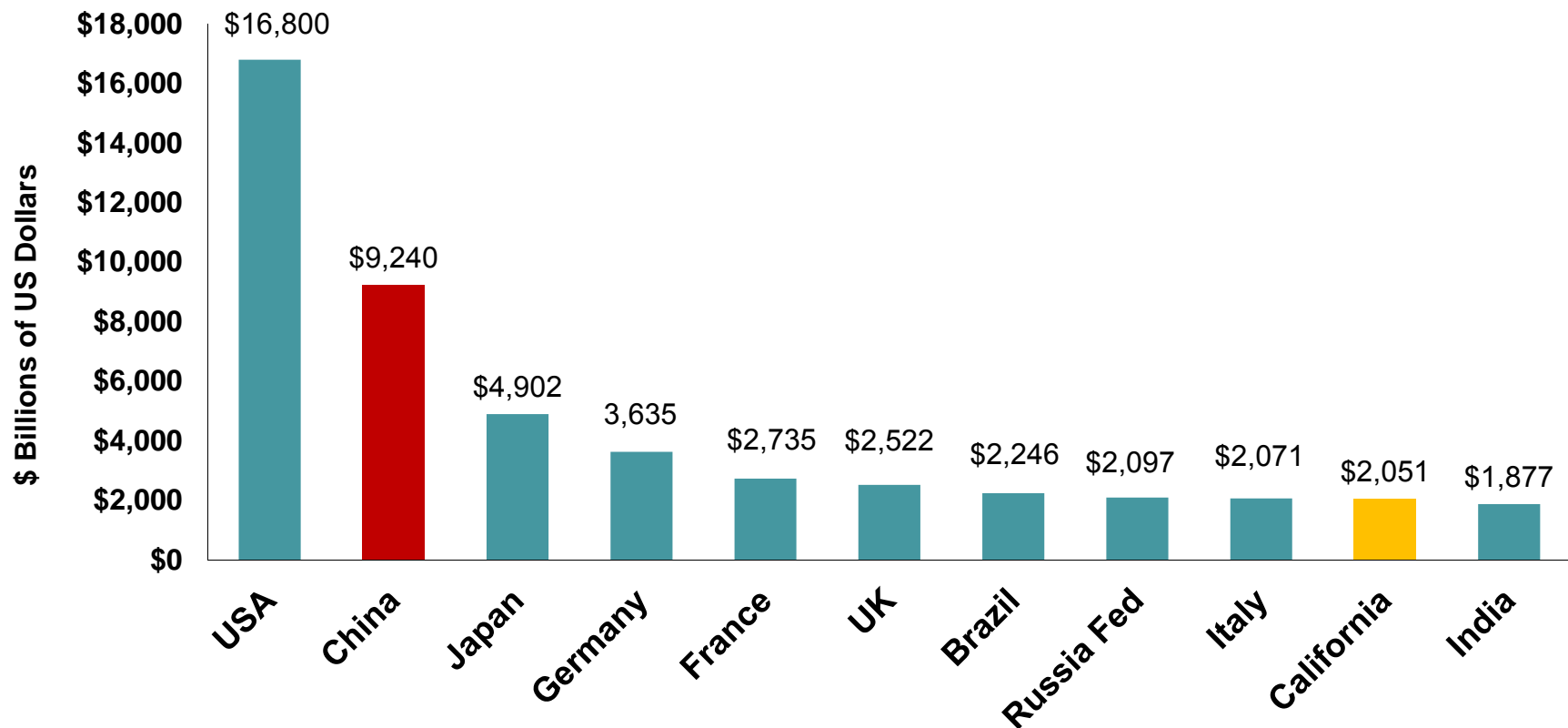


*Global Economy is Slowing Down*



# 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*





# *Africa-Pockets of Progress*







# Rise of Emerging Markets

GDP % contribution shifts  
from advanced to  
Emerging economies.





# The Forecast



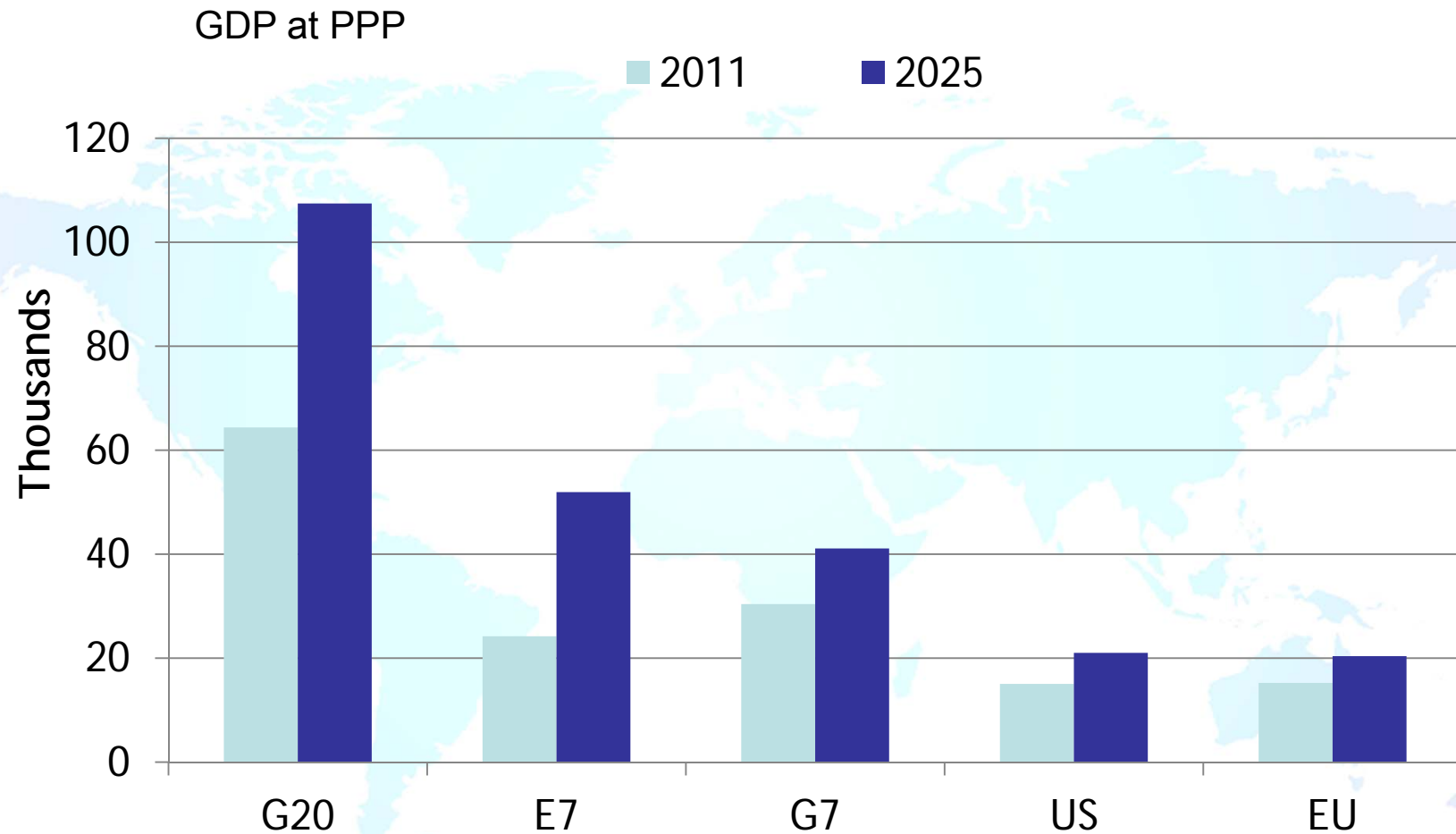
Source: *San Francisco Chronicle*, Sunday January 2, 2011

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# Emerging Markets Move Ahead

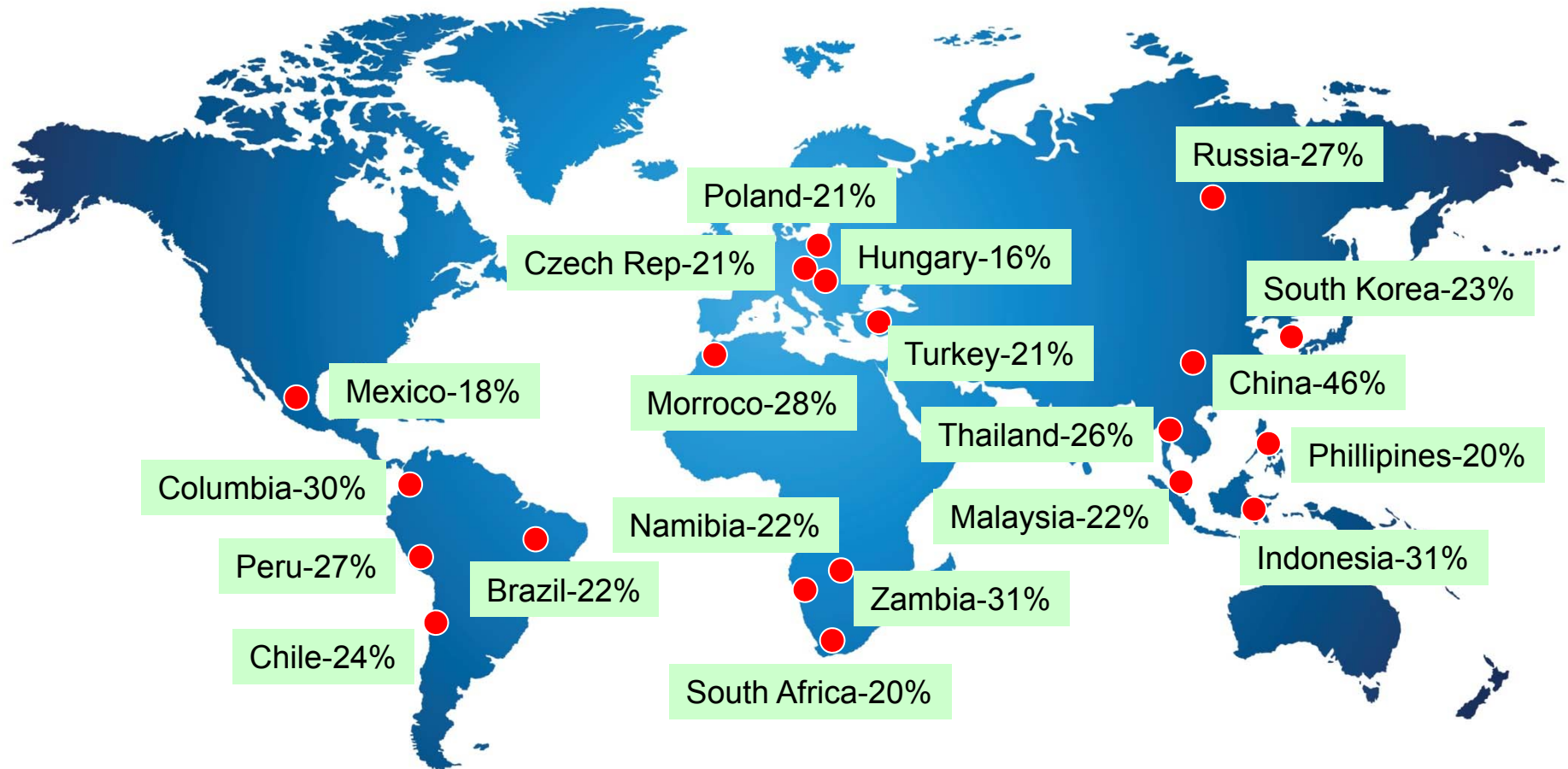


Source-PWC 2011



# 20 Fast Growing Emerging Markets to Watch

(GDP Growth 2013-2017)



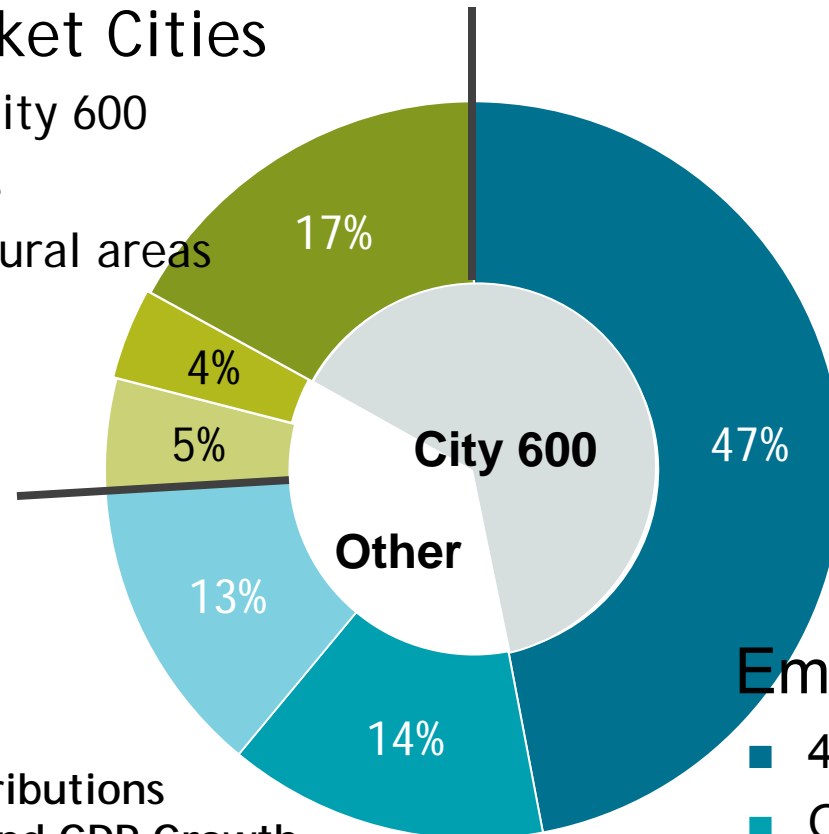
Source-Bloomberg 2013, Global Foresight



# 600 Cities Drive Global Growth to 2025

## Developed-Market Cities

- 157 cities in the City 600
- Other large cities
- Small cities and rural areas



Cities %Contributions  
Global GDP and GDP Growth

## Emerging Market Cities

- 443 cities in the City 600<sup>2</sup>
- Other large cities
- Small cities and rural areas

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

Steer Toward  
Your Best Targets



Scout Fast Growing  
Midsize Cities





# Global Macro-Economic Takeaways 2015

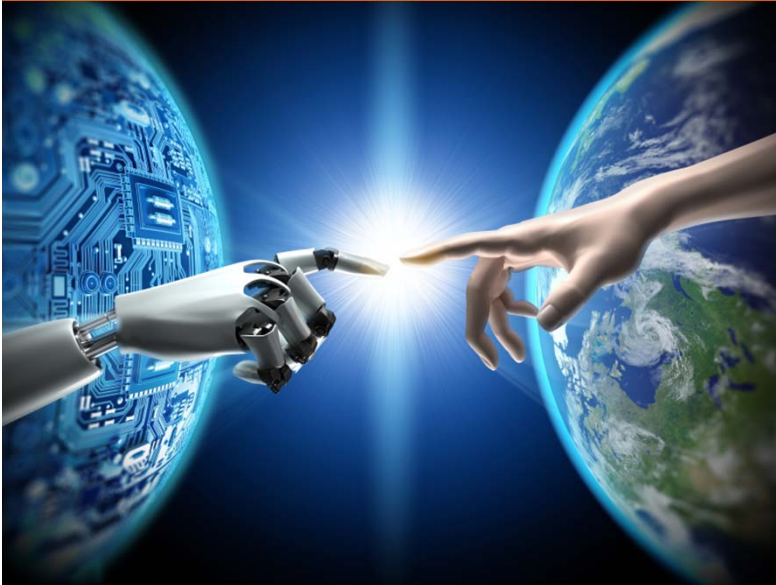
## Still Recovering

- 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





# Global Strategic Inflection Point



## 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.



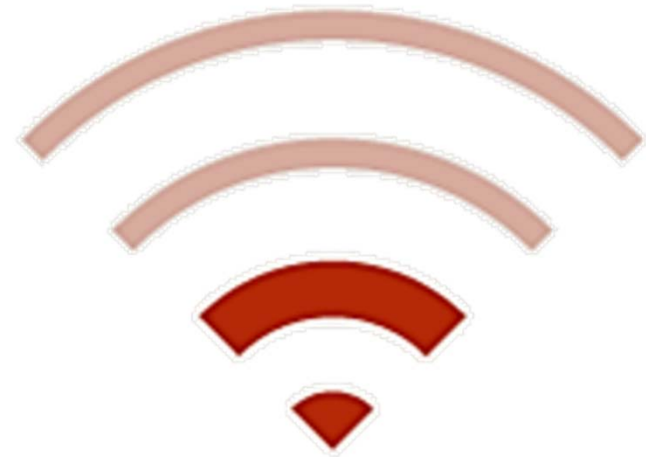


# Pay Attention to Weak Signals



# 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



Weak  
Signal



## 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-genontechnology  
Extends life.





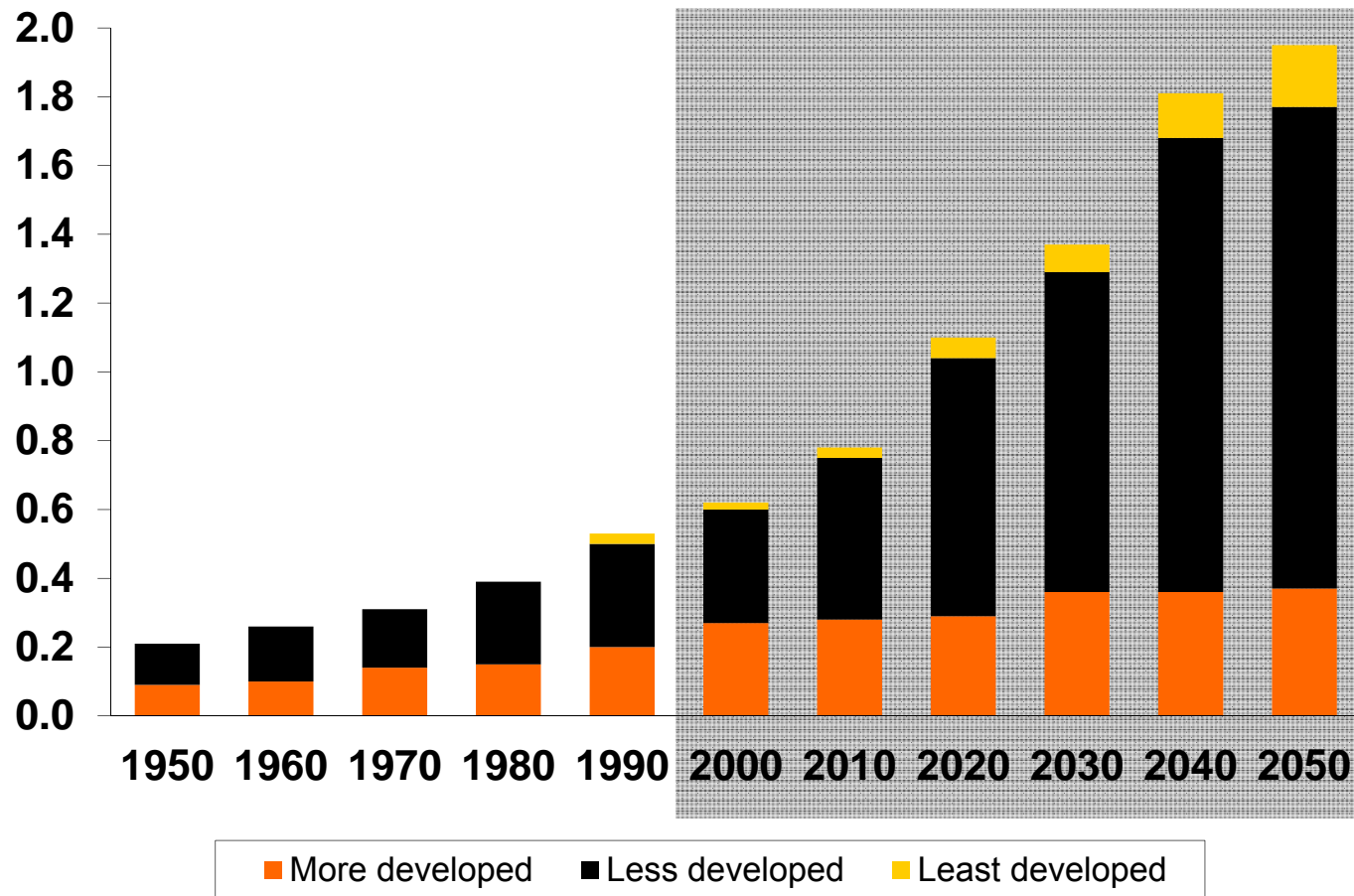
Global  
Aging





# World Population Aged 60 and Over 1950-2050

Billions



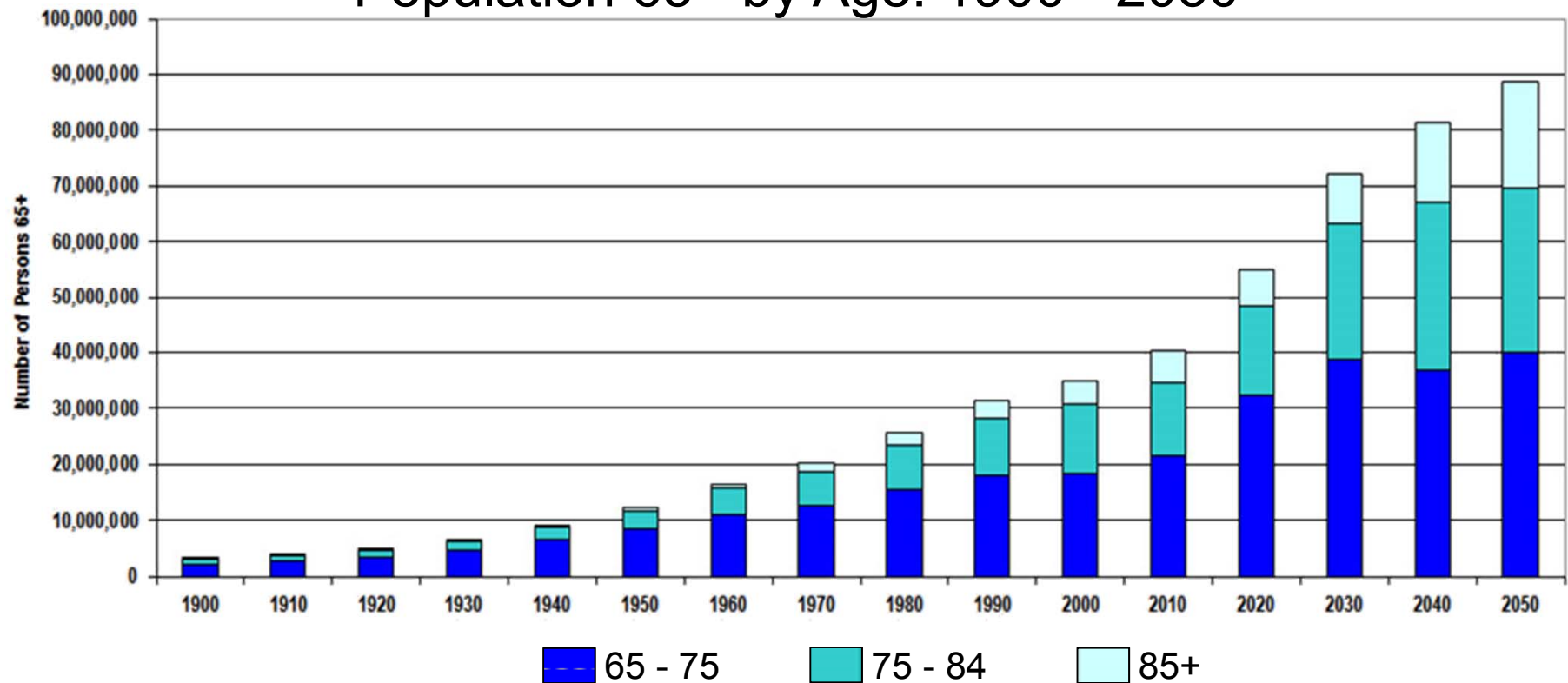
Source: United Nations Population Division, The Sex and Age Distribution of the World Populations (1994 revision).





# Escalating Longevity!

## Population 65+ by Age: 1900 - 2050



Source: U.S. Bureau of the Census

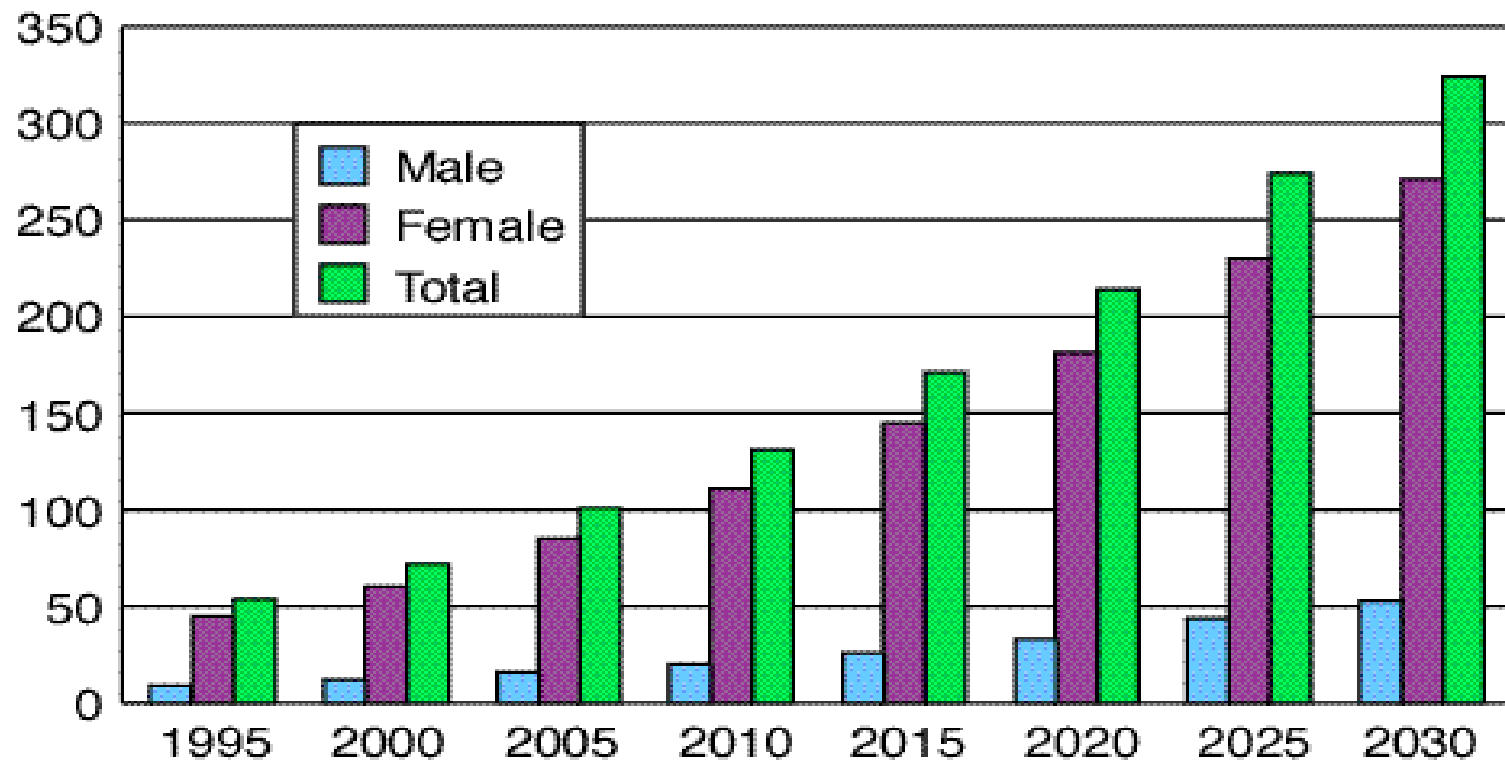




# Women Continue to Outlive Men

## Centenarians in the United States 1995-2030

Thousands



Source: U.S. Bureau of the Census. *Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995–2050*. Current Population Reports, Series P-25, No. 1130. Washington, DC.





# Second Middle Age 60-80







# Big Shift at 60

When will I die?  
to  
Who will I become?

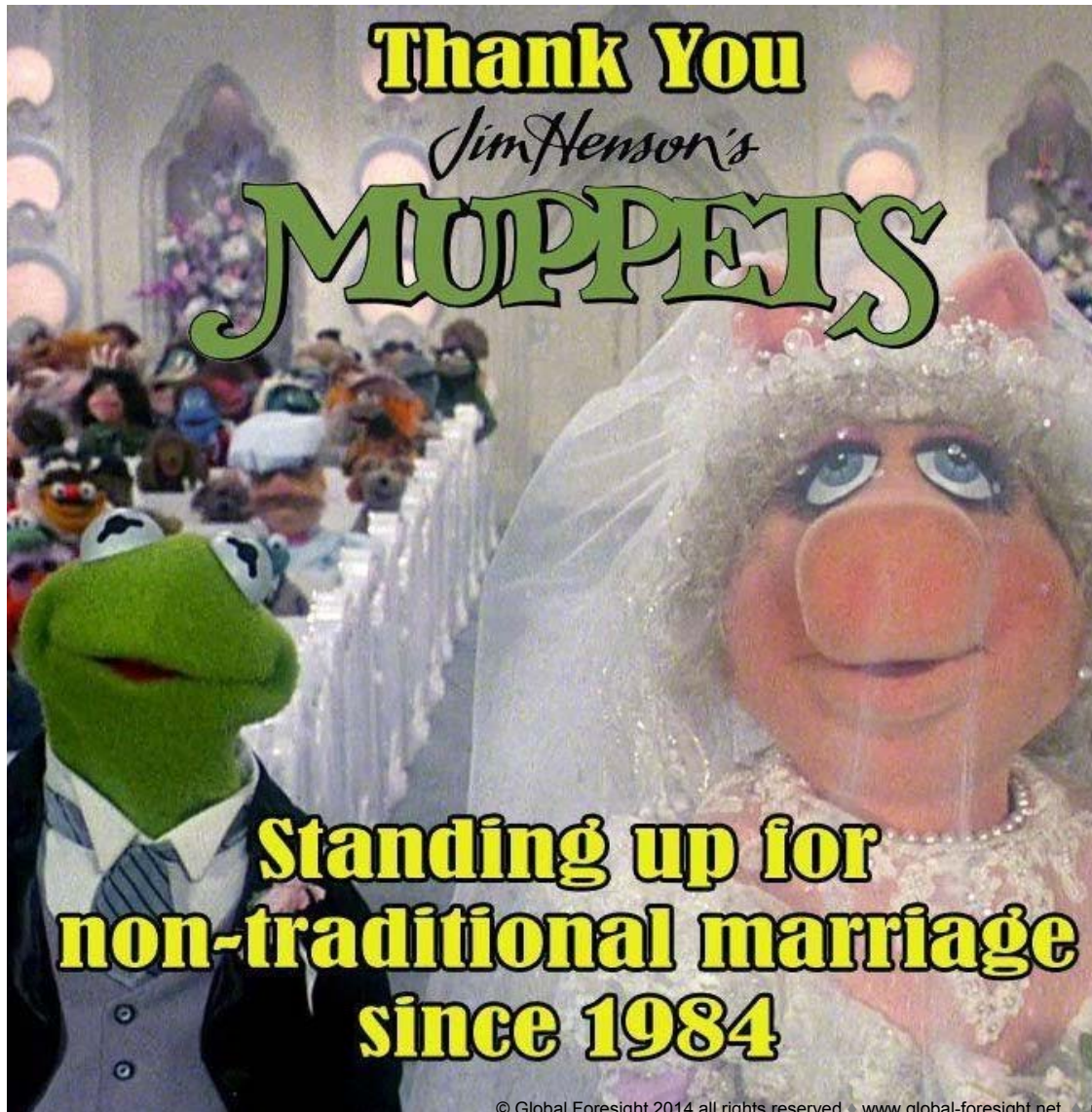




# How Will Humans Adapt to 25 More Years of Life?



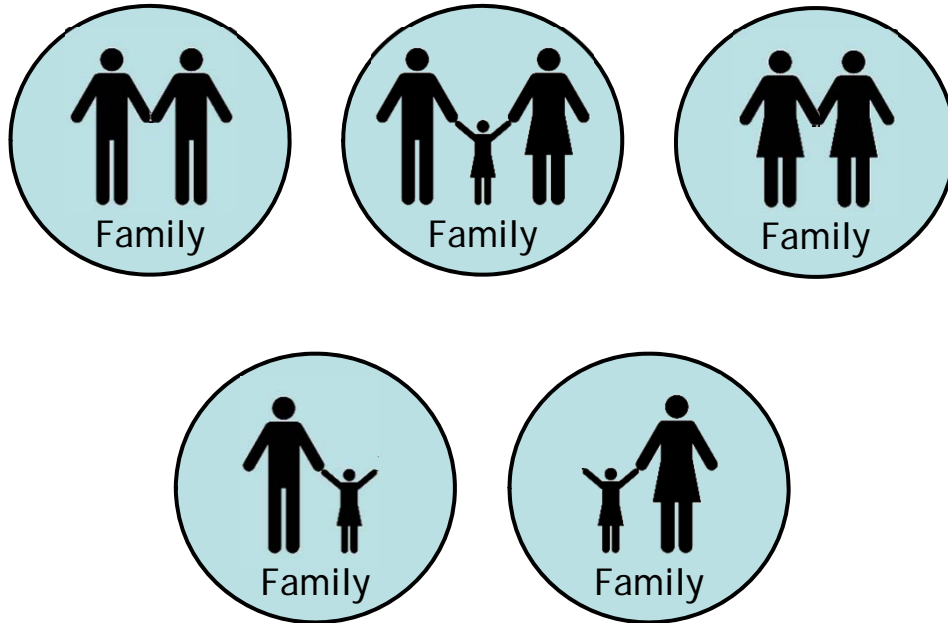
## #2 -Transformation of the Family



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?



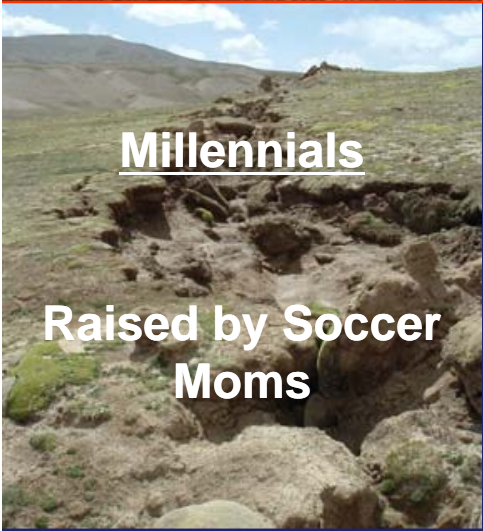


# Generational Fault Lines At Work



- 1945-1964
- 51-68 today
- Driven

- 1965-1980 •
- 35-50 today •
- Minimalists •



- 1981-2000
- 20-34 today
- Determined

- 2001-2011 •
- 3-19 today •
- Pragmatic •



## Big Shift

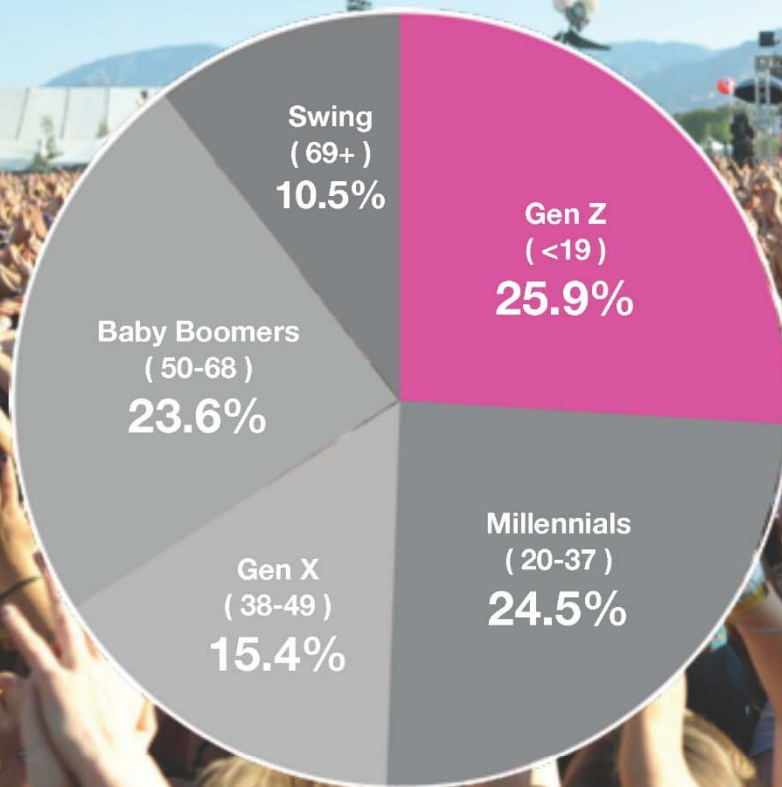
1980

2025





# There is a population tsunami approaching



**361,000**

Approximate number of babies born in the world each day.

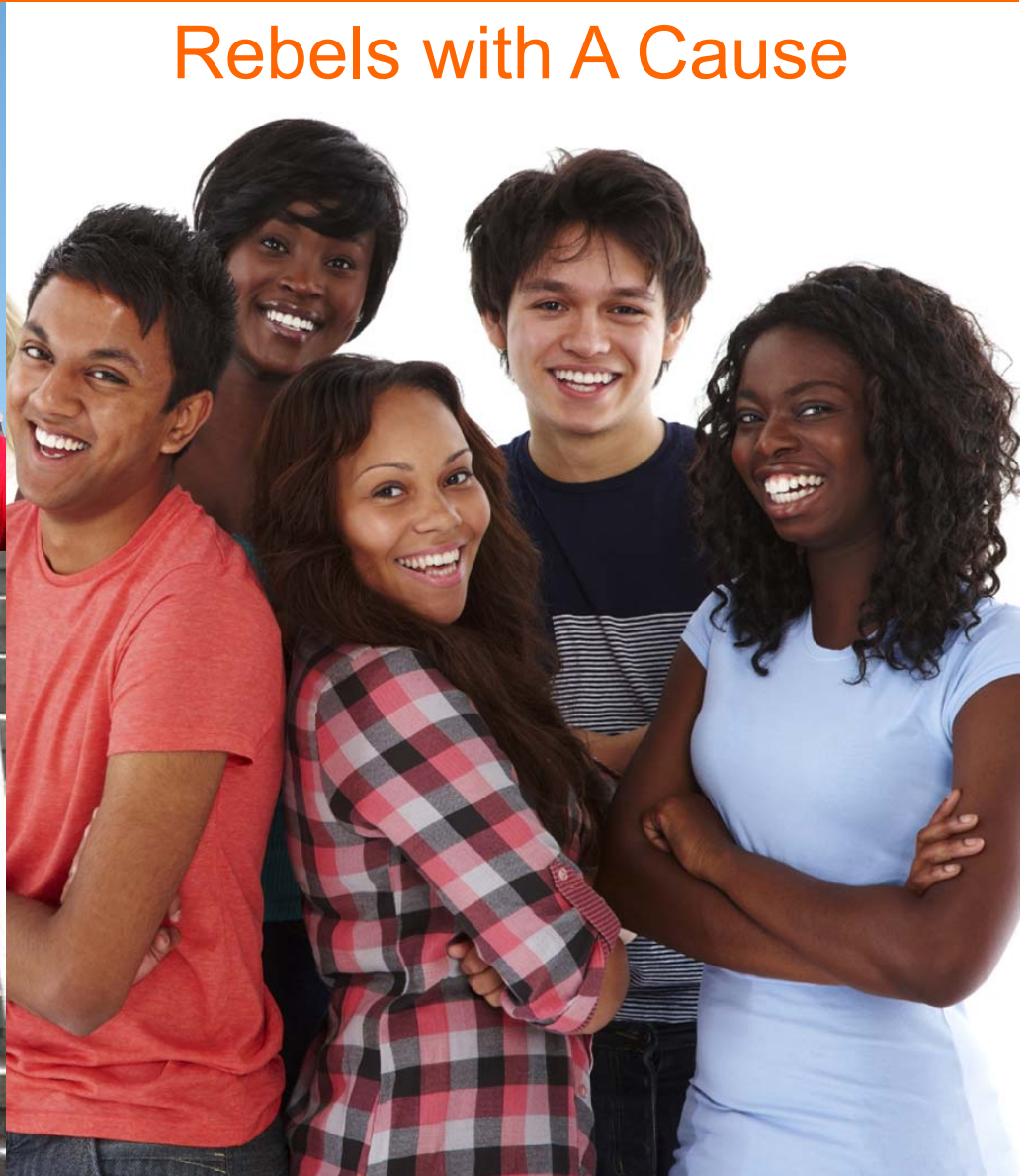
More than a quarter of America's population belongs to Gen Z, and with each birth, the segment is growing.

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





**+400%**

increase in multiracial marriages (Black and White) in the last 30 years (with a 1,000% increase in Asian-White marriages)

## Multiracial children is the fastest growing youth group in the US

**+50%**

increase in the multiracial youth population since 2000 (to 4.2 million)

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





## They live in multi-generational households

**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 4,597 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.

Source: Millennial Branding and Internship.com, 2014, Mintel 2014





# 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?



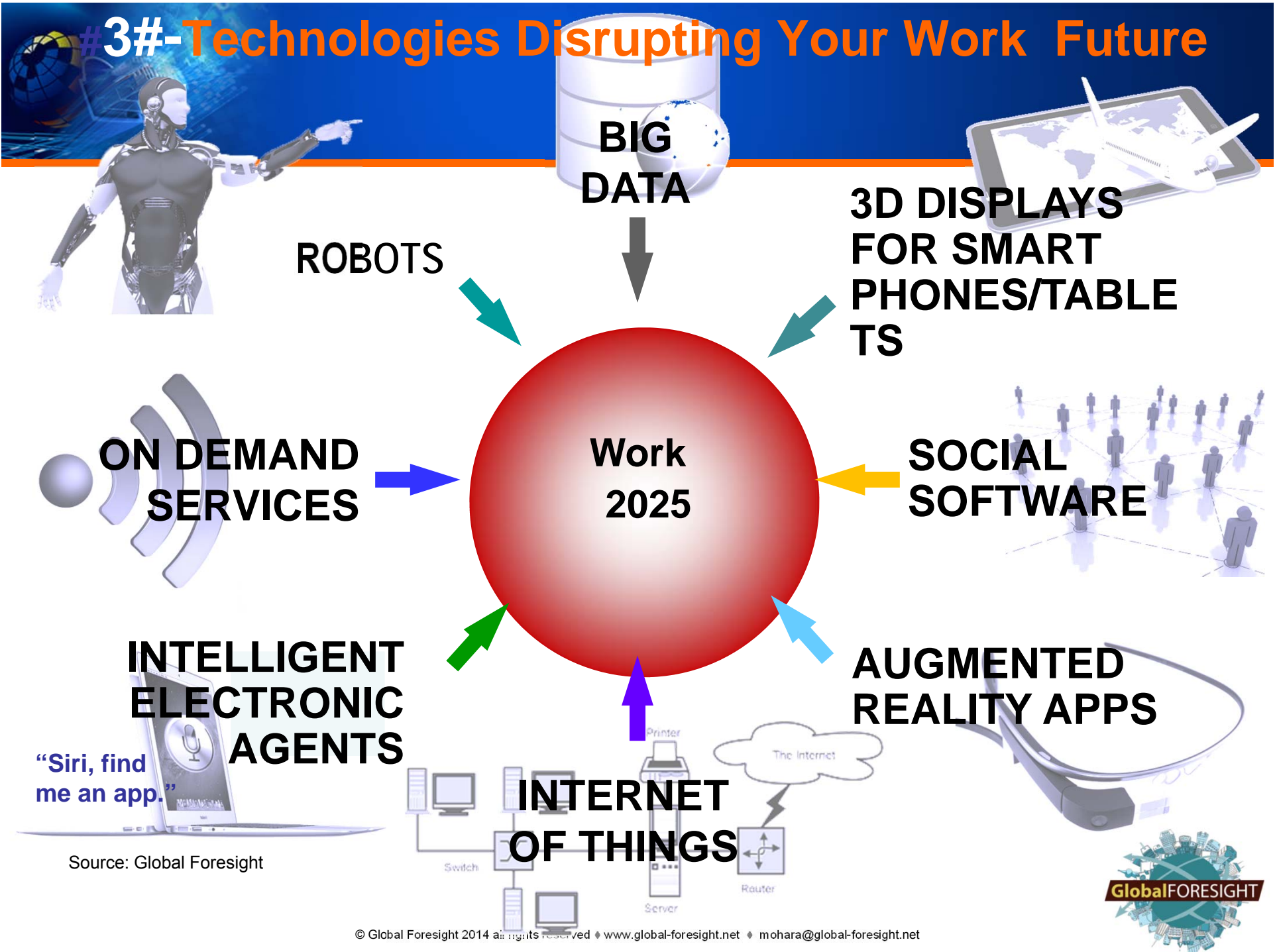


# ◆ Impacts & Challenges from Technology ◆





# #3#-Technologies Disrupting Your Work Future

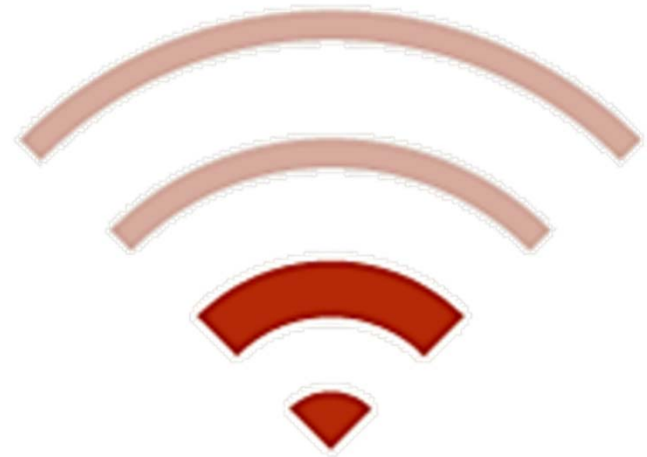






# Coming Soon!

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



Weak  
Signal





# Lesson from Disruptive Innovation Cycles

Technology doesn't drive change.  
Human choices make change.





What is human?  
What is our comparative advantage?





# The Internet of Things

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



Machine to Machine  
Communication

People

**SHIFT** →

Technology





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







Anything can look real..  
How will we know what is truth ?






# Collaboration Escalation



# Social and mobile infrastructure

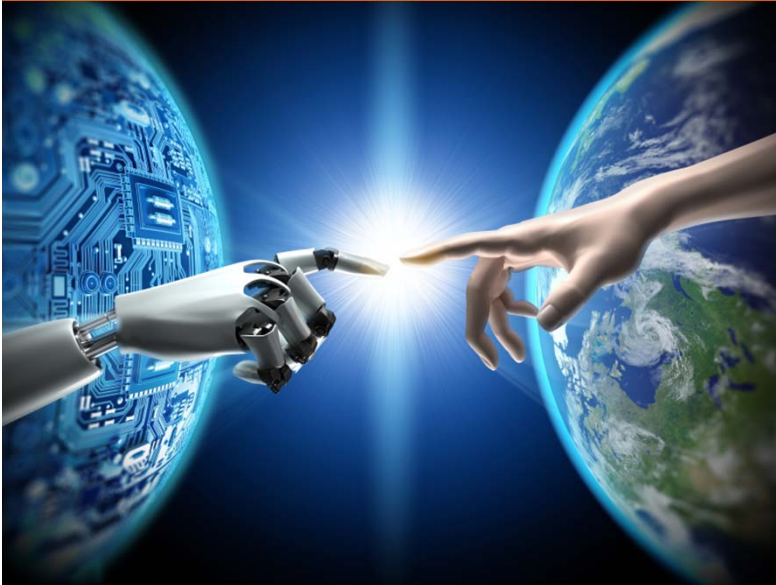




How will we successfully manage  
multiple vendor relationships  
to continuously bring results?



# Disaggregation of Work



- From jobs to tasks
- Rise of Smart Machines
- Critical new skills

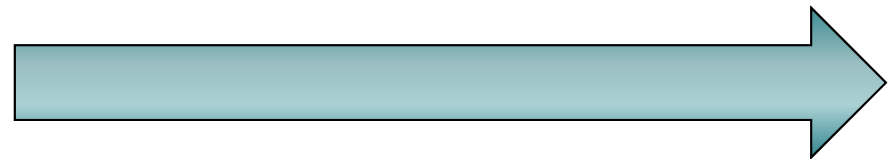




# Disruptive Shifts in Work

- Employee → Entrepreneur
- Career ladder → Experience portfolio
- Permanent → Velcro relationships
- Outsourcing → Crowdsourcing
- Physical → Digital infrastructure;
- Desktop → Device

- Organizations → Social networks
- Protecting knowledge → Sharing knowledge
- Sharing knowledge → Creating context for persuasive conversations





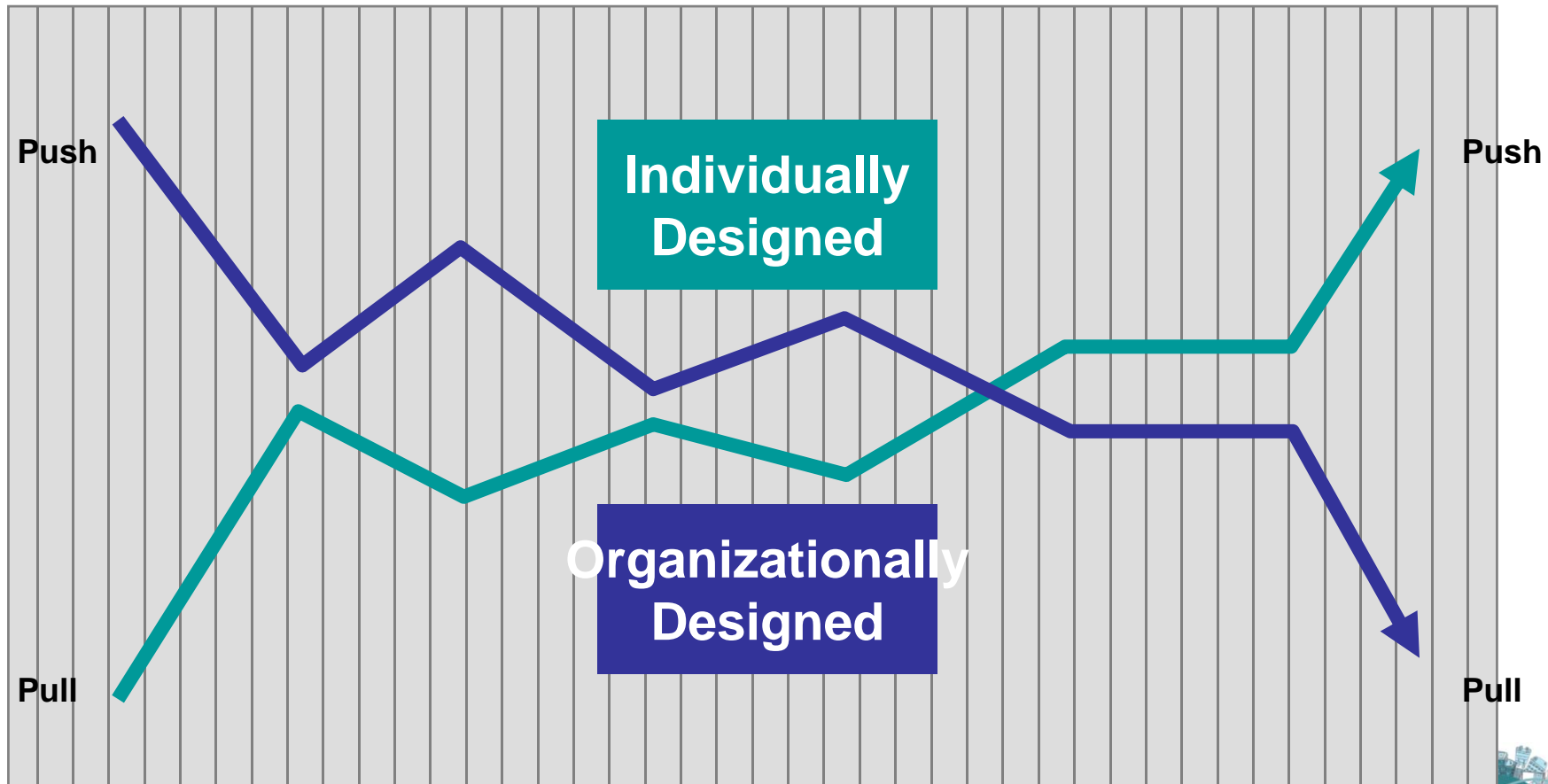
# The Shift Toward Extreme Individualization of Work

## Mass Customization

Standardized approaches to employees

## Extreme Individualization

Companies become clients of workers



Source: ;Global Foresight

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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



# 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.



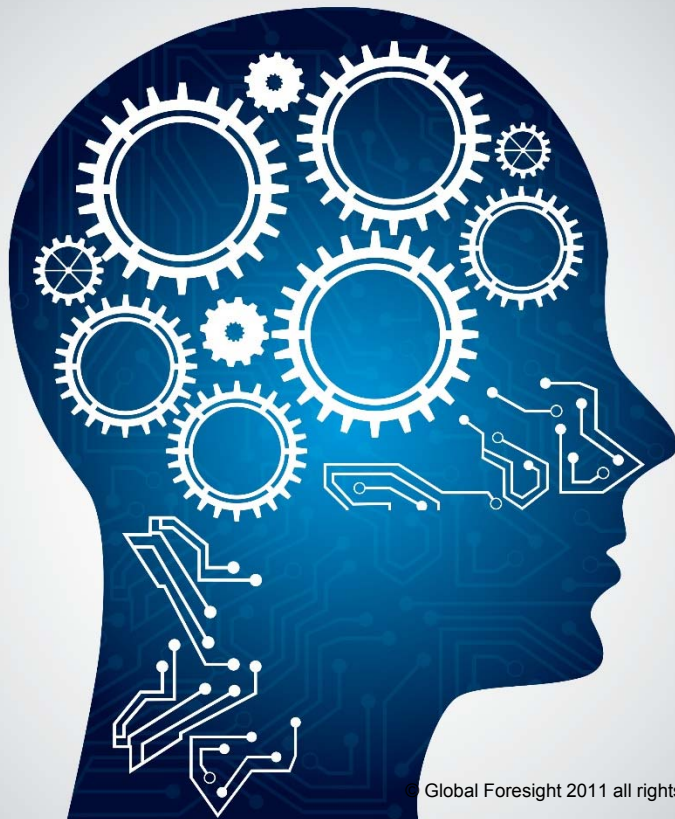
- ◆ Combinatorial worker
- ◆ Bi-discipline fluency-new literacy
- ◆ Complex multifaceted problem solution models





# 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.

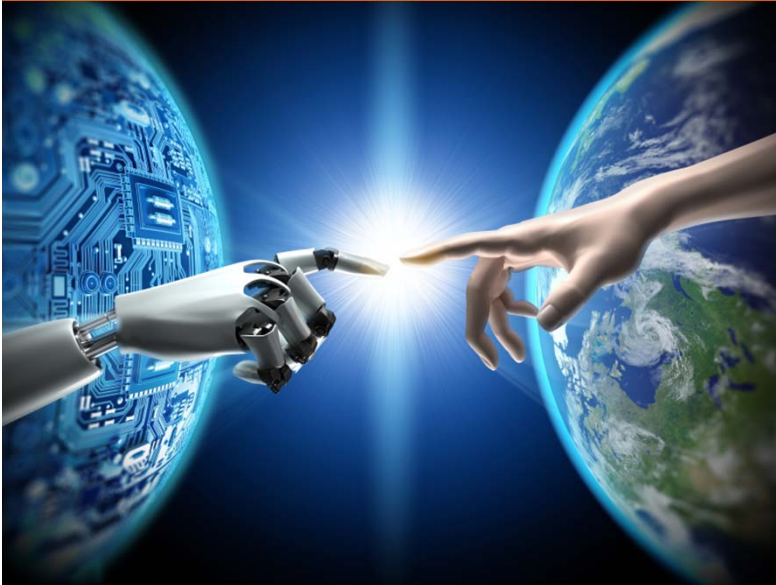


- ◆ Sense making
- ◆ Generative
- ◆ Adaptive





# 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!

GlobalFORESIGHT





# Strategic Imperative







# Beware of Insight Deficit



A cosmic scene featuring a central black hole with a glowing accretion disk, surrounded by a field of stars and a large, textured rock-like object in the foreground.

# **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







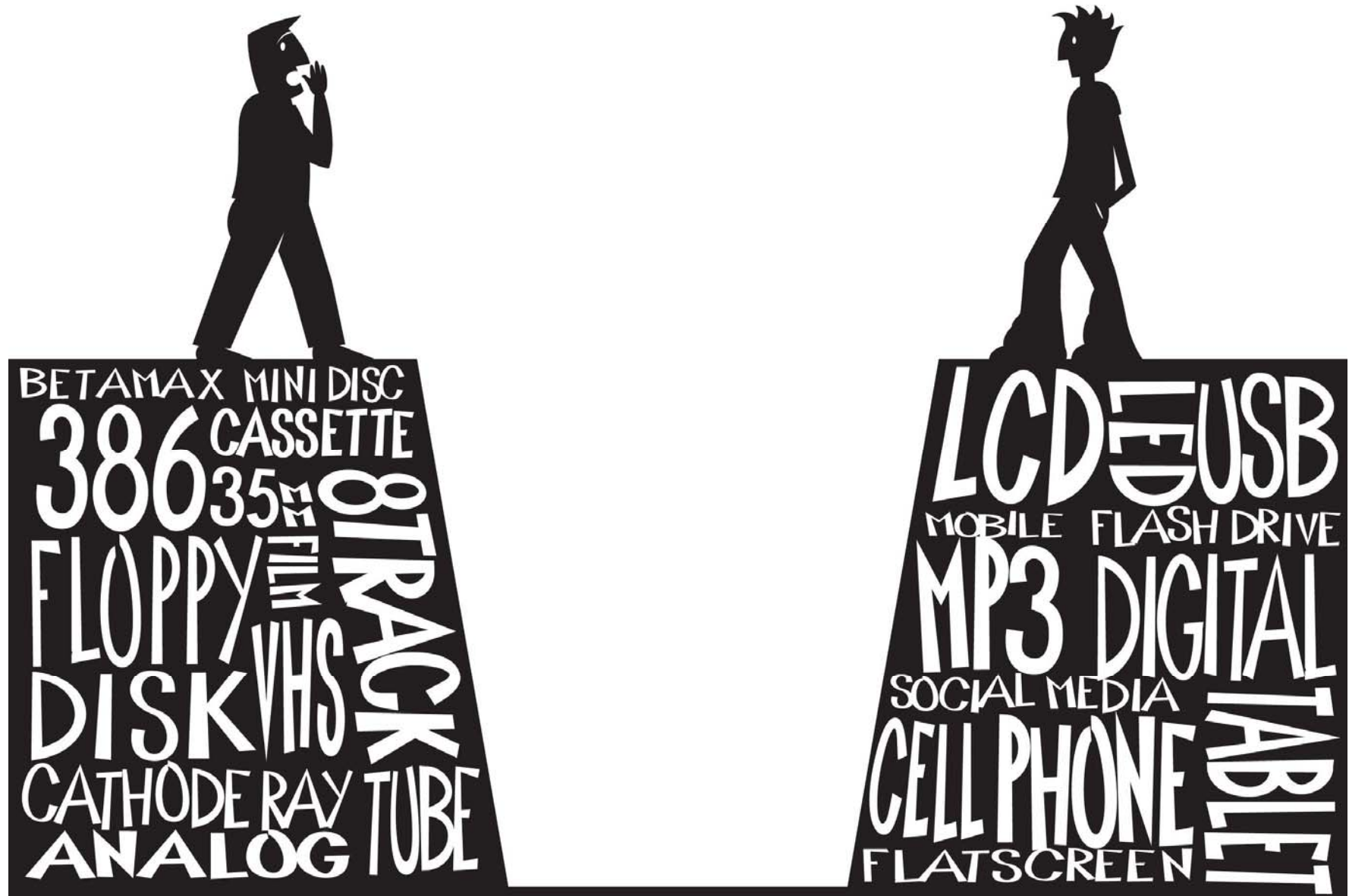
### 3. Define Your Human Comparative Advantage







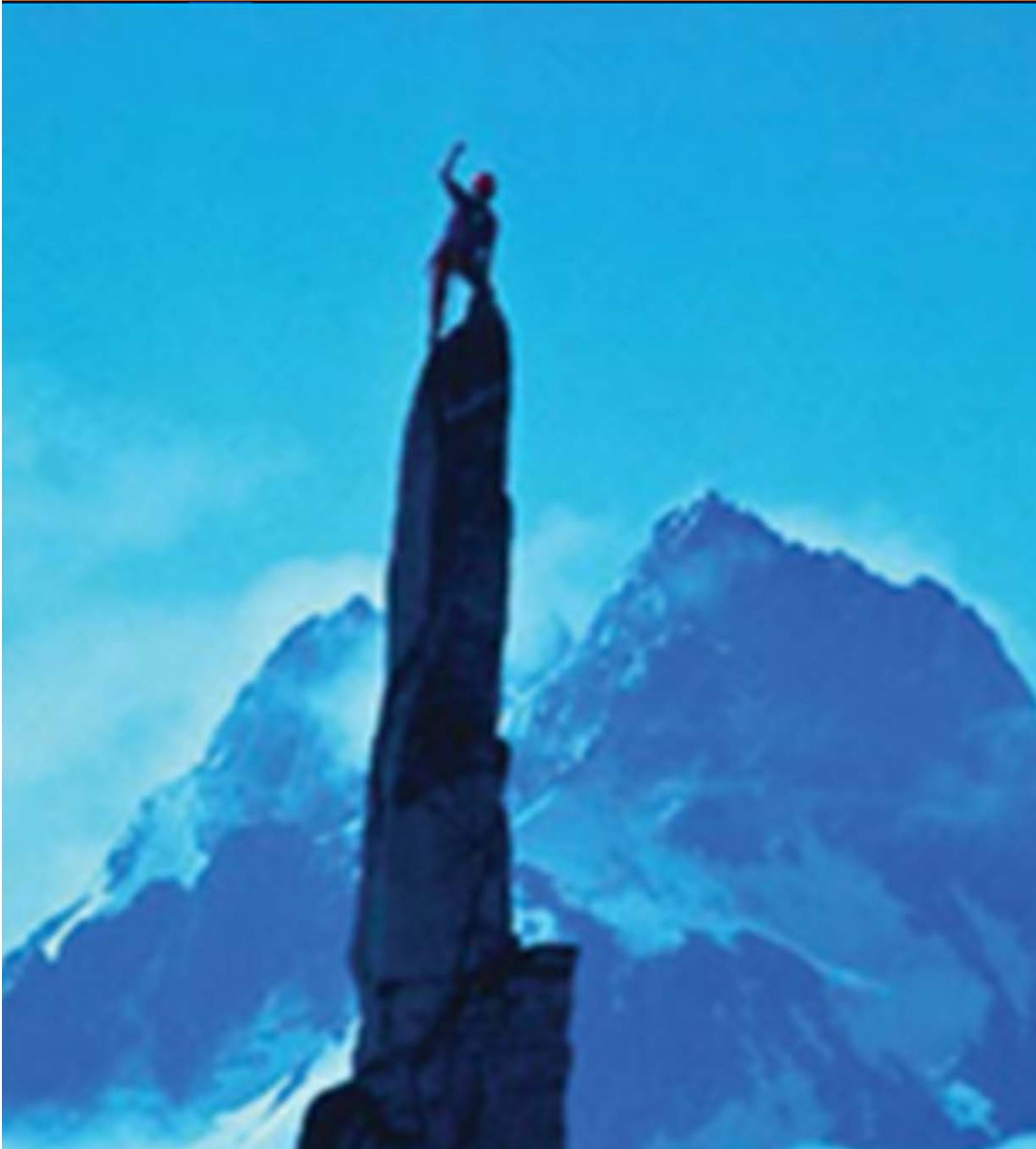
## 4. Assess Your Generational Readiness







## 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





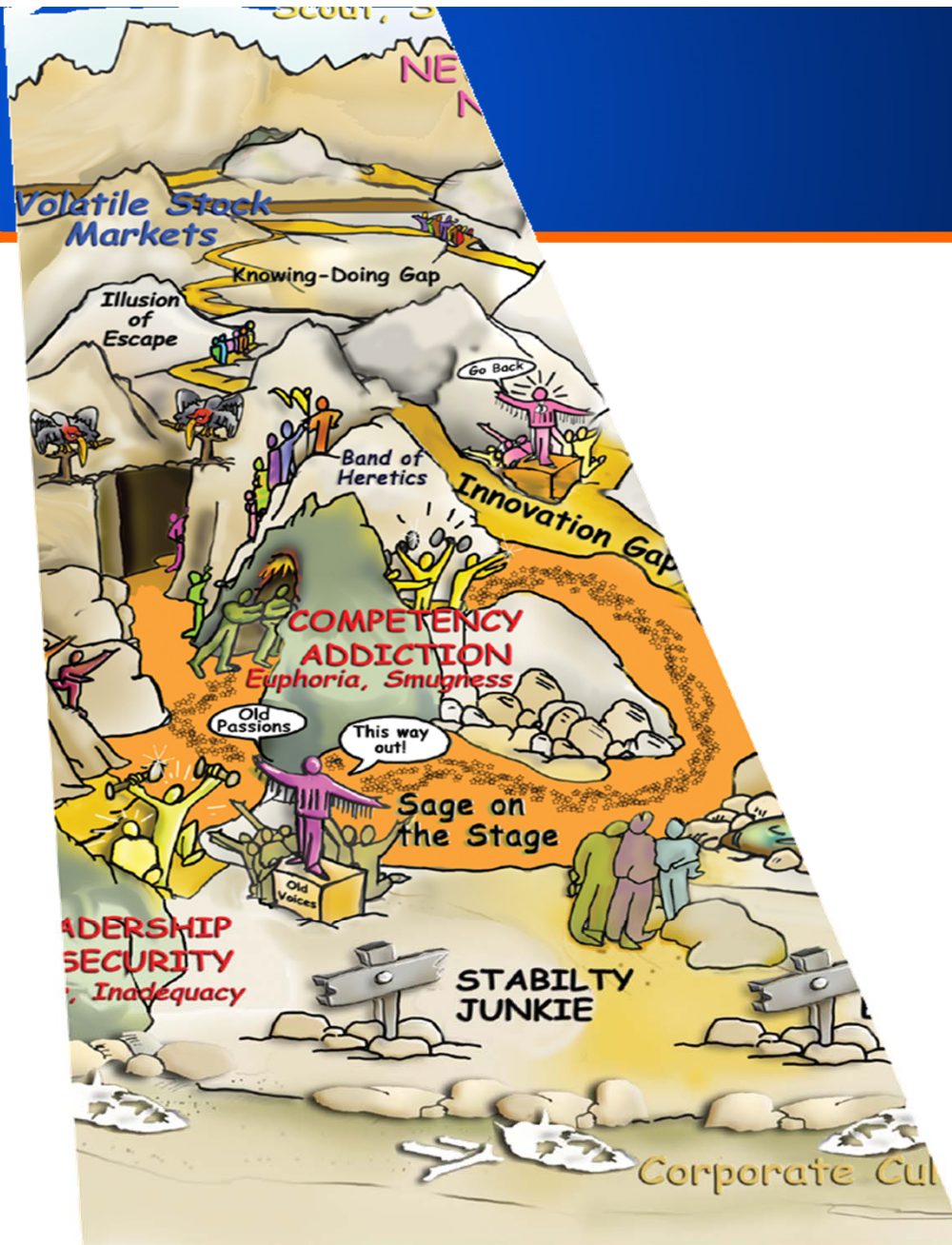


**The Future  
Won't  
Resemble the  
Past!**





*Don't Get  
Lost in  
Familiar  
Territory!*







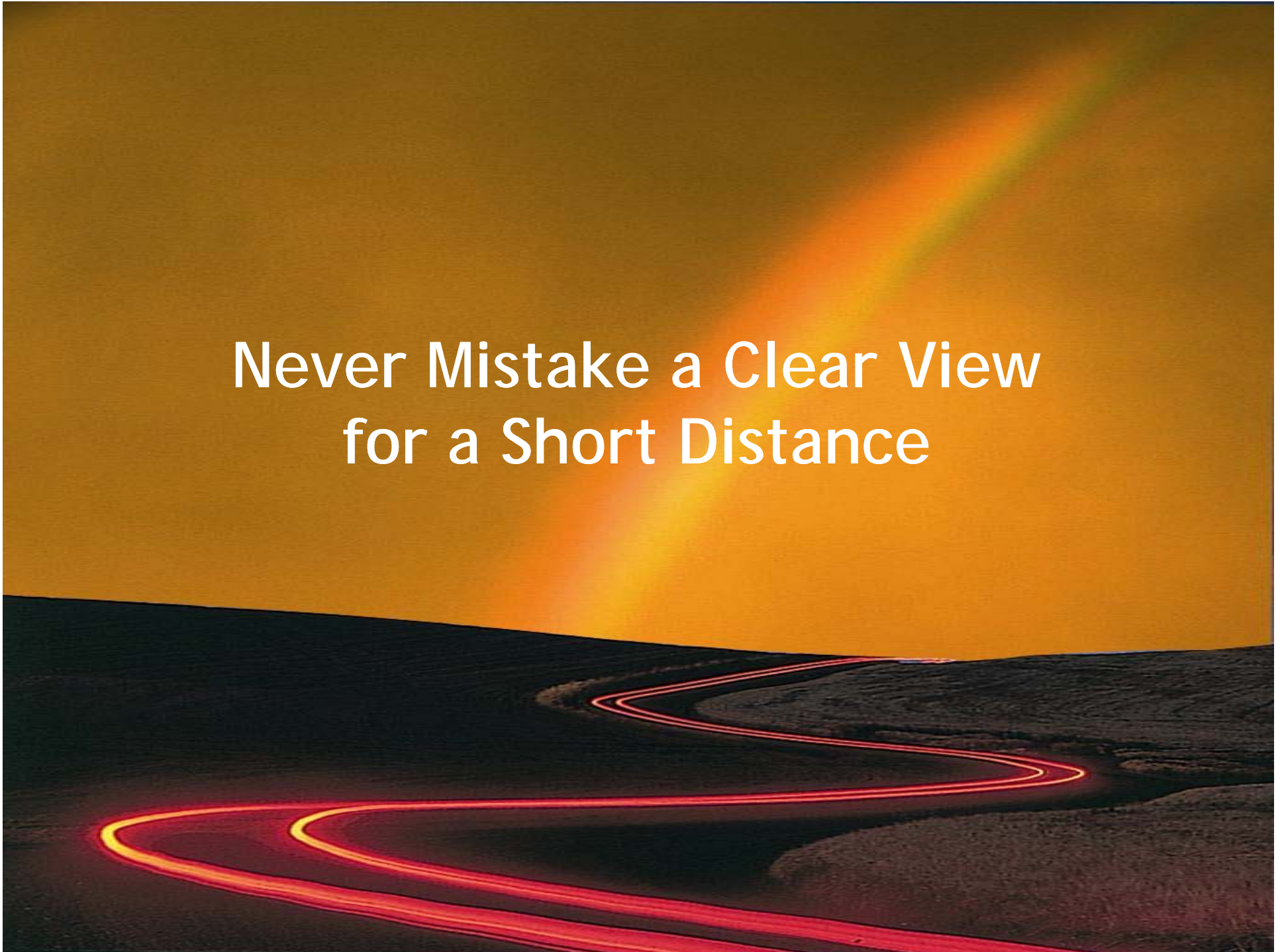
*“Talent hits a target no one else can hit...  
Genius hits a target that no one else can see.”*

*Arthur Schopenhauer*





Never Mistake a Clear View  
for a Short Distance







# Get to the Future Fast and First

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Profound, Provocative, Pragmatic

*Finding Targets No One Else Can See*

