

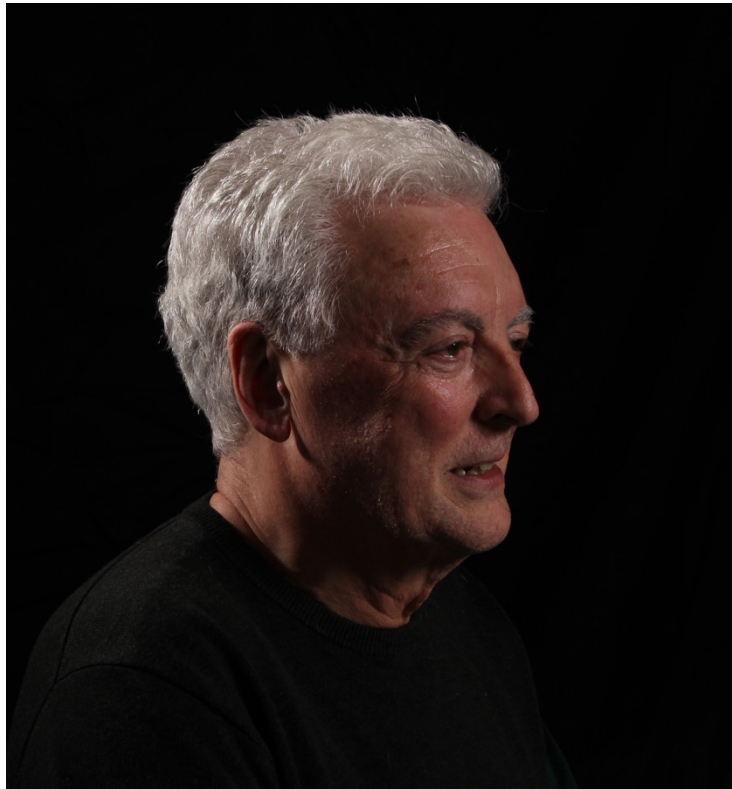
# A SECOND RENAISSANCE

HOW THE  
INTERNET  
WILL CHANGE  
EVERYTHING

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CIONET UK

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*In September 1998 Roger Camrass was invited to give the first address in a series of Gresham College lectures about a second renaissance. In the transcript below he presents a personal vision of work and life in the early years of the new Millennium. Roger is a respected futurist and is a fellow of the Center for Business Innovation in Boston, a Visiting Fellow of Bristol University and Senior Associate with the Judge Institute, Cambridge University. He led a global multi-client study, *Business in the Third Millennium*. He was formerly a partner at Ernst & Young, and before this he was European President of SRI International (the Stanford Research Institute). He is a graduate of both Cambridge University and MIT.*

### ***Enter the age of anxiety***

Let me start with a phrase that I have heard spoken frequently. People are saying to each other, particularly in the City of London and New York, *'if the times are so good why do we feel so bad?'* This is when the stock markets has been averaging 40% compound growth. There is no possible reason why people should feel so pessimistic about the future. And then, as you will all remember, a famous film –Titanic was released. \$200 million was spent on making the film, and the producer was very nervous when the film first came to the market. He could not see how he could get an economic return on his investment. We assured him that he would get an exceptional return on it, because the theme was about 'anxiety'. We were proven correct as the box office netted over one billion dollars!

And it is amazing how this world, despite the success we've enjoyed over the last decade or two, has a terrible sense of foreboding, or anxiety, about the future. This is because the future today appears so uncertain to us all. My challenge is to give you a glimpse of what I believe the future may be. And my talk is going to be provocative. I don't pretend that we understand the future any better than yourselves, but at least we've thought about some frameworks, and I'm going to share these with you today.

Ralph Waldo Emerson said: *'This time like all other times is a very good one if we but know what to do with it'*. I think our current situation presents an enormous challenge particularly to

the new generation coming to work in the City. How do we exploit the opportunities that present themselves, because they are so bewildering in scale and quantity? Will London be on the vanguard of change, or be left out in the cold? The answer is surely in your hands.

### ***Change in the rate of change***

I'd like to journey back 30 years to a moment in time when a famous futurist, Alvin Toffler, published a book called *Future Shock*. He stated in that book '*there is change in the rate of change*'. Now today that sounds perfectly obvious, but believe me, when he came out with that notion 30 years ago it was a revelation. And interestingly, as we come to the very last weeks of the 20<sup>th</sup> Century, we're beginning to say there's not only change in the rate of change, but a confluence of all change. It is not just changes in technology, or economics, or politics or the social agenda. It seems to me that there is change occurring in every dimension of society today. And it is the interaction of these changes that's producing the very dramatic effects we observe on the stock market and elsewhere.

Let me give you some illustrations of the extent of change. In the last ten years \$750 billion of new wealth has parachuted into Seattle. Just think about that. This is partly due to the Microsoft phenomenon - accounting for \$300 billion worth of new wealth. Now we hear that Yahoo! is capitalised at the same price as Unilever. Wealth is beginning to appear from areas that we never even conceived of before. It is not about displacing production in Asia or in Africa or in Europe. This is entirely new wealth, the sort of wealth that we've never experienced or seen before. And that really does give us some food for thought.

At a technical level, the rate of progress is even more daunting. I don't know if any of you have recently bought a singing birthday card, but it costs you about £3 in the UK. After the birthday celebrations are over and you throw that card into the waste paper basket, you've disposed of the same amount of computing power that existed in the whole the world in 1950. That is an extraordinary revelation. Again, if any of you are lucky enough to own a BMW Seven series, you've got as much computing power on board in that car today as the Apollo 11 spacecraft needed to land the first man on the moon. And if you extrapolate these trends forward, in seven years' time we predict that a regular household dishwasher will have as much computing power as the Apollo 11. This presents detergent suppliers with an entirely new challenge!

With these developments in mind, let me welcome you to the Trillennium. Let's rename the next decade as the beginning of the Trillennium, not the next Millennium. Why? Because I anticipate the first Trillionaire prior to 2020, and the first Trillion dollar corporation, too. I doubt that Bill Gates will be the first Trillionaire. It is more likely to be a spotty youth who hasn't even finished school yet. But he or she will be the beneficiary of the most important force of the New World - the law of increasing returns, made possible by global connectivity. We are indeed heading towards a new epoch, not just a new Millennium!

### ***Exploring an uncertain future***

My thesis in today's lecture is that we are entering a point of major transition, the like of which is only seen every five hundred years. You have to look back, in our view, five hundred years to see anything as consequential as the current changes we're experiencing. It was five hundred years ago that the European Renaissance took place - a time during which great thinkers came together like Da Vinci and Machiavelli. These people collectively altered the shape of society in the space of little over fifty years. The outcome was the invention of science, economics, medicine and the current industrial age.

And again, one of the fascinations of the Renaissance period is that it wasn't just the individuals who had those great thoughts, but it was the communication of those thoughts that created a revolution. In particular, it was the Gutenberg printing press that enabled new ideas to be conveyed to the masses, not just the clerics. In today's language, the Internet looks remarkably like the Gutenberg printing press on steroids! Slightly facetious, but there is an important point here. Transformations are often enabled by technology. However, it takes great thoughts and great people to change society in a way that we believe society is being transformed today.

At SRI, we worked with Shell in the seventies to develop a tool to explore an uncertain future – scenario planning, which Gill Ringland writes about in her excellent book. The value of scenario planning is to examine all possible outcomes of the future: not to actually pinpoint one particular outcome. Scenario planning creates a set of plausible alternatives within which the future is most likely to transpire – often described as the window of uncertainty. And to carry out scenario planning one has to look at all the different dimensions that influence the structure and shape of that future.

These dimensions include policy, economics, the social agenda and technology - PEST. We believe that these are the main drivers that will shape tomorrow's society. And given that we are at a major transition point, a five hundred-year delta, it is appropriate to ask what may happen to each of these critical elements. By doing so, we are able to see more clearly how we might work and live, particularly in the City of London, in the next 20 to 30 years. So I'd like to share some of our ideas with you about these key dimensions of change.

### ***Technology – becoming connected***

Let's look first at information technology. IT is having a profound effect on everything we do. I mentioned the greeting card, but there are so many different aspects of our lives today that are influenced by IT. The important driver in the next 20 to 30 years will be 'connectivity', because that's the most valuable benefit IT gives us. It is the ability to connect across the world, across communities, across society, in a way that could never have been imagined a hundred years ago. The telephone itself is well over a hundred years old.

And it is quite interesting that when the mayor of New York was first shown a demonstration of the telephone by Alexander Graham Bell, the Mayor said: 'Well, this is an absolutely fascinating device but what could I possibly do with it?' Graham Bell responded: 'Imagine that if we could have many such telephones, you could talk to people in other cities across the United States'. The Mayor was surprised by Bell's logic. He responded: 'why would I want to do that? I don't know any people in other cities'.

What comes first, the chicken or the egg? Connectivity gives us the ability to communicate across the world. But why do we communicate? Because we have friends in remote locations. And today, it is the extraordinary capability of the Internet itself that sets the standards by which we communicate. We have an emerging language 'formerly known as English' which is becoming the language of the Ethernet. Whether you're in China or Japan, London or New York, this language enables you to communicate together. The fascination for us all is not just communication between people: today there are about one billion telephones and 200 million PCs in the world, but there's six billion microprocessors. The real interest is to contemplate how embedded technology will create even more complex and powerful networks than the inter-personal networks that we're all so dependent on to today. And what of the other factors at work?

### ***Social agenda - The consumer takes control***

There are four simple words that continuously reappear when one considers consumer aspirations in the new social order. To Go, to Be, to Do and to Know.

One is to Go: despite advanced communications technology we still want to travel, we want to experience so many different things and we're now beginning to talk about entering the 'experiential economy'. Well done, BA, on the adoption of this word for its new airline.

We want 'to Be' ourselves: we want to be individuals, we do not want to be conditioned by mass markets and mass media. As Alvin Toffler has so many times emphasised, the world is de-massifying, and so are we as consumers. No more mass marketing, mass production, mass consumption.

We want to 'Do it', just as the Nike advert says. A whole new generation of consumers are just 'doing it' by wearing the Nike swish sign. What they are really doing is confronting all the institutions that would dearly love to tell them what to do – parents, teachers, and employers.

And, most importantly, we want 'to Know'. The Internet gives us almost infinite access to knowledge and to information, as well as an ability to carry out transactions – anywhere, anytime, any-place. We want to shop, communicate and learn electronically through the Internet. In time, we will want to 'Go Virtual'.

We also want to 'have fun'. I think the most interesting new concept to emerge from recent work is the ideology of 'having fun'. We are working for one of the world's largest toy manufacturers, who intends to bring fun to the work place. And I think there's a serious thought behind the concept of having fun. When you wish to be at your most creative you need to have fun. Children are very creative and very innovative, and they have fun being innovative. I think we as adults have got to go back to our own childhoods, and we've got to learn to have fun again. London in 2020 should be a 'fun' place to 'be'.

### ***Economics – based on intellectual property not physical goods***

Economics is the primary driver behind social and political order – defining the principle sources of value in society and the mechanisms for its distribution. With the five hundred-year delta in mind, what will be the new economic model to replace the industrial age? How will this differ from today's concepts of material wealth and well being? Most political regimes of the world are based on managing the disparity of material wealth – I want what you have got: I vote Labour, or I don't want to part with my material possessions: I vote Conservative. Many of us talk about the information economy, and we know that the industrial economy is gradually coming to an end, but do we have any idea about what the information economy is based on?

I'd like to share with you a particular view of the new economic order. And I'll start by introducing a popular American word, 'stuff'. In the US everyone talks about his or her 'stuff' – good stuff, really nice stuff. And we've become extremely effective over the last hundred years in producing more and more stuff. So much so that the poorest households in North America today have as much stuff as the average middle class households had in 1971. They all have their refrigerators, washing machines, cars, toasters, etc. And the better and faster we become at producing new stuff the more difficult we find it to sustain differentiation.

One major furnishings company has a campaign to make the garage the new 'decoratable' space in your house. And you have to ask yourself: what are they trying to achieve? Most of us today spend much of our domestic life in the kitchen. 20 or 30 years ago a kitchen was a scullery, no one would ever dream of spending time in the scullery. Today the kitchen is the most popular room in the house, and certainly the most highly invested in terms of technology and decoration. So now corporations are looking for new frontiers: the garage becomes the new decoratable space! That may sound farcical today, but I'm sure that in 10 or 20 years' time we'll be spending most of our time in the garage.

Where does the material rat race end? In the West, we've all got enough stuff to keep us happy for several lifetimes. Do we really want more? And the interesting aspect of stuff is that whatever Sony produces in the laboratory this week, Philips or Panasonic will be able to produce next week. In a sense the world has become a giant copying machine, and there's almost no possibility of sustained differentiation in producing better stuff. Thus the value crisis for companies in the fast moving consumer goods business.

So the big corporations are asking, how do we sustain our value in a world that has become a giant copying machine? How can we generate new value for the shareholder in this highly competitively, highly tuned production economy? I recently talked with the CEO of a major oil company, and he had to admit that the fuel that his company puts into your tank isn't a million miles different from the fuel that you'd receive if you went to a Shell or a Texaco filling station. There is absolutely no difference in the base product. And so many of our major industries, both production and service based, are being commoditised. The real question that chief executives are asking themselves is how do we escape from this commodity trap. Because there's little value left in producing yet more stuff.

The fact that Yahoo! has reached the same market capitalisation as Unilever must shed some light on this dilemma.

### ***Give Me What I Need***

The key question facing us as we enter the 21<sup>st</sup> century is that if the production economy loses its current organising role, what will take its place? I'm going to describe a concept that we're developing around intellectual property. And I don't refer to rare manuscripts in the British Library. I mean knowledge of your personal styles, your tastes, and your individual characteristics. That's your own intellectual property: where I want to go on my holiday, what music I like to listen to, how I like to spend my leisure time. That's becoming increasingly valuable information. And the interesting thing is that such information could be harnessed to help us better understand how to be, go, know and do.

Let me just give you an example of some work we've recently done for a US bank. They have an enormous customer base: several million accounts. We suggested to them that they identify those customers who have moved house more than twice. The Bank did a lot of digging into this segment of their customer base. It is a relatively modest population in terms of numbers, but what they found was that, typically, after six months, such a house buyer exhausts every line of credit, with the installation of a new kitchen, landscaping the garden, repainting the house or whatever. And it is a very visible group.

So five months after a move, we suggested that the Bank rang its customer up and asked 'How would you like some more credit?' The customers couldn't believe it. They were so excited; they said: 'how did you know? Of course we'd like some more credit.' And, believe it or not, that has become the most profitable, the safest line of credit this Bank operates today. It is all about anticipating need. Every body wins!

It is also about providing you as individuals with more information, more insight into your own interests and habits - '*Help me better understand myself through my interaction with you*'. And again we've done some fascinating work with Sony in New York in their CD superstores. The problem with one Sony store was that Virgin opened up just one block away offering CDs at a 12% discount. Now, there really wasn't much that Sony could do other than to drop its prices. And that was pretty bad news because they were only just breaking even. We offered to create a different value proposition. We worked with Sony Inc. to create a multimedia booth where you can walk in and the first thing you hear is a computer voice that asks 'tell me a particular recording artist/musical artist that you'd like to listen to today'.

Trying out the booth on a sultry New York summer afternoon with lots of attractive young babes wondering by, I remembered my student days and said 'I'd love to hear The Who live at Leeds'. I hadn't heard that record for probably 20 or 30 years, and when the music came wafting into the booth, lots of memories flooded back. As the music stopped the voice asked 'would you like to hear another artist?' I chose the Steve Miller Band, and then Eric Clapton – all from the seventies era. This went on six or seven times until the voice said 'Would you like to know which artist influenced four out of those six people you've just listened to?' And of course I said Cool! – in a true American accent. It turns out to be a guy called Chess Atkins whom I'd never heard of in my life. But guess what? When I walked out of the CD store I was carrying three of his albums. And I didn't mind paying a 12% premium to buy them, either.

The point here is that we are recognising that commercial success is first and foremost about influencing and anticipating individual consumer choice. The consumer's in control. But because consumers don't always know what they want, it is an interaction, a dialogue, between the providers of products and services and the consumers that will lead to a clearer anticipation of personal preferences and needs, and give more insight about what you genuinely want. Today we receive so much junk mail; we'd really like help to know what we want.

### ***Securitising your own intellectual property***

Now, that leads to an even more bizarre and intriguing proposition. David Bowie last year issued bonds on himself; based on the future earnings of his own intellectual property – and he raised \$60 million. The question to be asked is ‘how much do you think you could raise on your own intellectual property’ – i.e. the value of the knowledge about all the products and services that you might buy in your lifetime. The answer may well be in seven figures!

We are discovering that information about a transaction is becoming more valuable than the transaction itself. For example, the Official Airline Guide (OAG) made more money than all the US airlines put together over the last ten years. Getting back to the individual, the information about what you will transact in the future, your choices, and how those convert to the purchase of products and services, could have real economic value. And the very interesting question is who has ownership of that economic value? Is it your personal intellectual property, or is it the banks, the supermarkets, the airlines, who are at the moment sucking you dry because they’re recording every transaction and trying to understand from those transactions what particular preferences you have.

It is becoming apparent to all of us that information is increasingly an abstract object that is tradable. Data mining is the wrong paradigm. Data interpretation is a two way, interactive process, and not a historian’s journey into our personal past transactions.

And that leads us to a new economic model. We call it intimacy economics, based on the value of personal intellectual property. It gives us a rationale for the outrageous market values of Yahoo! TheGlobe.com and even Dixons. Such a model presents almost infinite opportunities to reuse such intellectual property to assist each of us to pursue richer and more satisfying lives. Surely a good prospect for Cities in the next Millennium?

### ***Politics - Going global but acting local***

Finally, let us consider the dimension of policy. In a world of satellite communications and the Internet, how will governments keep a grip on their economies when high earning members of the population can transfer their lives and businesses into virtual space? This is beginning to be a major problem already. The nation state is eroding fast in favour of regional trade zones – Europe, the Americas, and the Far East, commonly referred to as the Triad. These threaten to exercise enormous power and sovereignty over our lives.

But at the same time, we’re beginning to recognise once again the importance of our local communities. The rise of the City itself seems to be a key landmark of 21<sup>st</sup> century life. We’ve done some very simple calculations that suggest in the year 2020, 72% of the world population will reside in only 580 cities of the world. Instead of us all becoming creatures of the countryside where we can enjoy the quality of the air, we’re rushing back into these big cities. What is the attraction of the City that encourages such behaviour? When every City becomes overcrowded, costly, stressful, why are we returning in such numbers? There are some interesting parallels to the European renaissance.

We use one word to describe the compelling nature of tomorrow’s City – the ‘Mythopolis’, or ‘City of your Dreams’. I believe that in the new economy cities will attract the most creative, innovative people, and give them the right social, economic and domestic environments to maximise their potential. That’s why I personally came down from Yorkshire some 20 years ago to live in London. There seems to be a compelling power to cities such as London and New York. Who doesn’t want to spend some time in Manhattan? What we observe is the City becoming the nation state of the future. London is going to have a population of 15-20 million people. It is already the size of most countries and we are about to elect a mayor, who in many respects will become every bit as important as most state presidents. Should he or she sit in the United Nations. Scottish devolution fades into insignificance here!

How will the forces of technical, economic, political and social (PEST) change interact and evolve?

We've talked about global connectivity; new economics based on intellectual property, the consumer taking control, and border-less nation states. How does man and machine coexist in this new era? If you look back to the production economy, the emphasis was on utilising physical assets, with their related financial metrics and measuring systems – SAP hasn't done too badly on this meal ticket. And interestingly, the accounting profession today is built entirely around such metrics. It can compute and measure in infinite detail just how much a company is worth in terms of its physical and cash assets. Everything else is neatly pigeon holed into a vague item called Goodwill. As we move into the New World, our systems of metrics must change. As our measurements change, so do we! Just imagine how much goodwill Yahoo! would represent in a take-over!

### ***From Corporate Body to Corporate Mind***

Microsoft has a market value five times that of General Motors. And yet the turnover of Microsoft is a fifth of General Motors. Gauged by this example, we are moving into a new economy where physical assets are peripheral. GM is a classic example of a company with a massive physical manufacturing and distribution infrastructure. It takes several years to launch new products, and does so on a global scale – mass-produced. The new economy is characterised by intellectual assets rather than physical assets that are rapid to create and reproduce. We are moving into a world where corporate 'mind' rather than the corporate 'body' represents value. At the heart of the corporate mind is information: patents, knowledge about customers, knowledge about processes, the quality of our human resources. This is the source of new value. Just look at Dixon's shares after it entered the Cyber economy.

Successful corporations will learn to exploit and share their knowledge base, inside the organisation and increasingly outside as well. A lot of people are now beginning to divert their attention away from the traditional balance sheet based around physical assets to focus on intellectual assets. There is some fine work being done at the moment to quantify intellectual capital as the primary asset of a corporation. For example, Scandia, an insurance company in Sweden, publishes an addendum to its annual report that quantifies the value of its own intellectual property. And it believes that by doing so it has added 30% to its share price. In the future we expect stock markets to value and trade intellectual capital.

The City of London like any other historic institution may be slow to respond to these powerful forces at work, but recognise them it must. New metrics will need to be adopted to assign value to corporations on our stock market if we are to retain leadership as a major financial marketplace. Would Yahoo! have chosen the City for an IPO? I think not. How can we attract innovative UK companies to operate out of the UK rather than migrate to more lucrative capital markets such as California or New York? The value of our stock market could drain away to a mere residue of its current standing.

### ***From Corporate Mind to Corporate Soul***

We are making progress in recognising the importance of the corporate mind, but what of corporate soul? We believe the next fundamental source of value beyond intellectual property will be based on relationships. And relationships are built on trust. In a world built upon intimacy economics, how much trust are we as consumers prepared to place in our suppliers, such as our banks, telecommunications suppliers, retailers? After all, the trust that we can develop between external organisations and ourselves will determine just how much of our own personal information we are prepared to share.

And it is interesting to ask yourself who do you trust in society, who do you go to talk to about very personal things. I doubt if it is the high street bank. I doubt if it is John Lewis. Maybe a pension company such as Equitable Life. Maybe you talk to Virgin stewardesses, but who knows. It is going to be very interesting to ask which will be those organisations that will embody most trust in the 21<sup>st</sup> Century. It may be the not-for-profit organisations rather than current commercial organisations. Trust will be an increasingly important aspect of being in business because only by creating trust will you be able to exchange valuable intellectual property. And empathy and relationships in our view are going to be all-important in determining the success and the value of corporations in the future. The City has been well



known for the trust it engenders – my word is my bond. This could be a key asset for the future.

Pushing the model further, we are going to need the co-operation of more than one trusted party to build really valuable information bases about personal habits and life styles. Partnerships built between the banks, the retailers, the manufacturers, the oil companies will need to be forged. Each party is looking today at the consumer through a narrow telescope. What we seek as individuals is the broader value proposition that mirrors our need to go, be, do and know.

How do we begin to determine and exploit the full scope of human need and desire? If you consider the very basic things that we need as human beings, they include: education – not just in childhood, but education for life. We need financial security. We don't just want a bank account or an insurance policy. We need someone to work with us and advise us throughout our whole lives, even take the risks with us. We want physical well being rather than the occasional visit to a doctor when we are ill. We want physical and emotional security, not just burglar alarms. The list is endless, but difficult to imagine in our world of product and service silos.

And this convergence of interests is just beginning to surface. Boardrooms are awash with executives from other sectors talking about new partnerships. We believe this is something of a random process today, but as we focus more and more on the broader needs of the individual, these alliances or partnerships will begin to make more and more sense in the future. We have been organising cultural exchanges for many years to promote such new age propositions.

The most exciting aspect of all this is the prospect that the primary social processes such as education, healthcare, employment and leisure are beginning to re-engineer themselves. Students of MIT's programme 'Management in the Nineties' will understand that the expansion of information systems across large organisations in the late eighties stimulated process redesign opportunities. Thanks to low cost PCs and the Internet, these systems are now spilling out across society at large. The ubiquity of IT has created the fertile conditions for re-engineering on an unprecedented scale. London as a City needs to consider its leadership role in enabling these macro processes to reform and reshape. May be the new Major should call us in to re-engineer the City – its institutions, structures and processes? Berlin is well down this path already!

### ***First steps towards sustainability***

What are the enduring qualities that will sustain London as a leading city of the world through such turbulent times? We were asked recently by Shell to investigate 'what is success in business?' and we talked to over 90 companies who had been in business more than 150 years. We asked them what is success all about and how had they sustained themselves in the last 150 years. And the answer came back that success is about 'being in business a long time' – certainly a good banner for the City. All of these companies cited four factors that had contributed to their longevity.

The first was the availability of capital, particularly low-cost capital. Many had gone through trading hiccups in the 150 or so years of their existence. Only by having deep pockets or patient sponsors could they ride out these storms. Many good companies have perished through poor liquidity.

The second one was very important – sensitivity to the environment. And it is interesting how companies have fads. They talk about the customer: we're in business to serve the customer. Two years later, we're in business to satisfy the shareholder. Five more years, and we're in business to keep the employees happy. And so it goes on. The reality is that most big companies today have not just two or three stakeholders, they have forty or fifty stakeholders to satisfy. They have employees who worked for the company and then left, people who will work for the company in the future but haven't joined yet, the media, the local community.

There are a whole host of different entities that are involved in their survival, and being sensitive to them is a key factor for success.

The third one is a tolerance to fringe activities. So many companies have gone right back to the core, to the base of what they're in business to do. Re-engineering shook out a lot of the peripheral activities and focused people ruthlessly on the current business that they're in. Clearly, as we enter such a time of transition and change, one's ability to look at the periphery of what you're doing as well as the core is going to help you to recognise those critical signals of change.

But the most interesting thing that came out of the survey was that of the majority of the companies we talked to, over 80%, were in businesses that were entirely different to the ones they started out in. For example, Nokia was a rubber and paper company. Today it is one of the world's leading consumer electronics companies. General Electric earns 42% of its revenues through financial services. That was clearly not what Thomas Edison had in mind when he started the company over a century ago.

### ***The rewards of re-invention***

How will London survive and flourish up to and beyond 2020? During the next twenty years we are going to see a torrent of changes so profound that many well loved companies and institutions will cease to exist. New and more powerful ones will take their place. The answer must surely lie in learning to live and work in an increasingly uncertain present and future. It is all about re-invention at a rate that keeps pace with the external environment. Many of us today talk about agility as a key success factor.

I believe that we can go one step further than this obvious statement. Just as boats must navigate every inch of a white water rapid, constantly switching direction, the navigator must also have one eye on the horizon – be it the North Star, or just a stable landmark. In doing so, he or she will not just keep afloat but reach the desired destination. I think that many CEOs and heads of government institutions – not least the City, are too concerned with keeping their heads above water to focus for any real length of time on the final destination. It is the tyranny of the three-month earnings that dominates City minds.

So, my message today is to move your minds forward into the 21<sup>st</sup> Century, look at those four driving forces that will determine the future - technology, political, social and economic development- construct one's own scenarios, and continuously ask the 'what-if' questions. Clearly every company that's going to be successful in the 21<sup>st</sup> Century is going to have to continuously learn to re-invent itself on a moment by moment basis. But they are also going to need a 'guiding star' that carries them through the new era.

### ***Write a five hundred-year plan***

And that's why we've been asking companies not to look just at a one-year business horizon or a five-year plan, but to develop a five hundred-year goal. Given that we're going through a five hundred-year transition that makes some sense, and it is often easier to do than to work out a five-year plan! Now, interestingly, there are some really good five hundred-year plans about. We did some work with Coca-Cola, one of the highest capitalised companies in the world, and they have a simple five hundred-year plan – that is, to anticipate your need for refreshment. After all, we will still be thirsty in five hundred years time. They understood that so clearly that they've never veered away from it, always concentrating on the beverage business. Pepsi, their nearest rival, went into the food business and lost its shirt. Coca-Cola has stuck rigidly to the concept of refreshment, and out sells Pepsi four-to-one!

So rigid is Coca-Cola's vision, we were recently asked to evaluate a new vending machine that their scientists had come up with in the lab, which was actually cold to the touch. As you got near to the machine it felt cold. And they asked 'does this fall in line with our five hundred year plan?' and we said of course it does, it is all about refreshment. You feel as though you need to be refreshed when you're next to this cold thing.

Do ask yourselves: what is my corporate five hundred-year plan? If you have no answer, do give this some serious time and attention. Remember that the citizen of the future is going to take a keen interest in this. And as Dwight Eisenhower once said, '*I've always found that plans are useless, but planning is indispensable*'.

***Don't just stand in the queue***

The future offers us some formidable challenges, but at the same time, the rewards for success have never been greater.

I have given you some glimpses today of just how different the future might be. But it is not beyond our comprehension. If I could leave you with one firm thought – stay flexible, stay sensitive to the massive changes and developments that are taking place around you. Just because the financial markets continue to oscillate doesn't mean to say that there aren't vast opportunities to create wealth. \$750 billion has parachuted into Seattle in the last ten years. I don't think there's ever been a greater time for opportunity and yet it is not going to be the big, institutionalized organisations of the past that necessarily are going to seize these opportunities. It will take some radical thinking, either at the periphery of those institutions or beyond their boundaries that will yield the highest rewards in the future.

I hope that the talk has stimulated some new ideas, and even some healthy debate. I would enjoy discussing these concepts with you and starting a more interactive dialogue. Do email me at [roger@camrass.com](mailto:roger@camrass.com).

Wishing you success from the future!

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